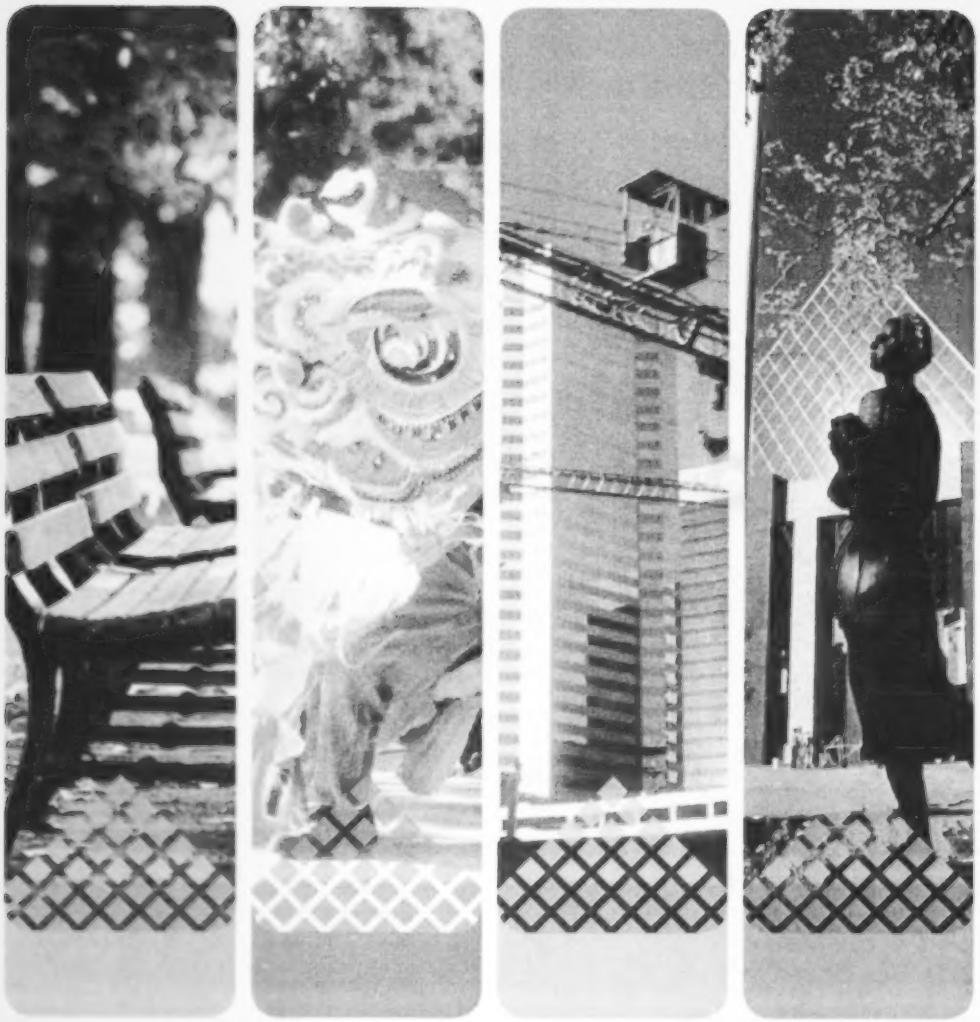
EDMONTON



2007 ANNUAL REPORT

City of Edmonton, Alberta, Canada

For the year ended December 31, 2007

2008-06049/

POPULATION
- Edmonton: 730,372*
- Metropolitan: 1,034,945*

LAND AREA
- Edmonton: 700 square kilometres (69,980 hectares)
- Metropolitan: 9,537 square kilometres

* based on 2006 Canada Census

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OUR MISSION

THE CITY OF EDMONTON FOCUSES ON:

- the delivery of effective, efficient and citizen-oriented services
- sound leadership and teamwork
- responsible use of resources (financial, people and assets)

Produced by the Corporate Services Department of the City of Edmonton
in cooperation with all civic departments, offices and agencies.

EDMONTON SNAPSHOT

Strategically located as the global port to Alberta's oil sands, Edmonton is an economic powerhouse alive with opportunity – a proudly northern capital city offering Canada's best combination of a top-performing economy and excellent quality of life.

In the midst of an economic boom, the Edmonton region attracted newcomers at a rate of 1,600 a month in 2007, solidifying its role as a major centre. With more than one million area residents whose roots extend all around the world, the region offers a diverse talent pool with the capacity and creativity to excel both locally and on the global stage.

What's more, this sunny four-season city is a place people want to live. Scenically straddling the North Saskatchewan River, Edmonton's signature assets include the winding paths and varied playgrounds of the river valley, North America's largest urban park. Home to the Edmonton Oilers and Edmonton Eskimos, the community regularly hosts major international competitions and is rich with grassroots sporting opportunities. Globally acclaimed for its environmental leadership and volunteer spirit, Edmonton is clean, safe and friendly.

As the 2007 Cultural Capital of Canada, Edmonton's much-deserved turn in the national spotlight sparked welcome additions to an already vibrant arts and culture scene. There's always something to enjoy in this Festival City, whose 30-plus festivals include the world-renowned Fringe Theatre Festival and the perennial favourite Edmonton Folk Music Festival. Besides the Winspear Centre, whose acoustics rank among the best in the world, Edmonton boasts a symphony orchestra; venues for jazz, rock and folk music; more than 60 art galleries; an opera company; ballet and dance companies; and dozens of theatres offering everything from classic to contemporary drama.

Even in this booming economy, Edmonton remains cost-competitive with other cities, with one of Canada's best health care systems and leading-edge research in such areas as medicine and nanotechnology. A hotbed of research and innovation, Edmonton offers excellent lifelong learning opportunities that enable citizens of all ages to explore, experiment, experience, excel and expect the most out of every day.

EDMONTON
2007

CULTURAL CAPITALE
CAPITAL CULTURELLE
of CANADA de CANADA

2,300+
Annual hours of sunshine

7,400 ha
North Saskatchewan river valley

1,600
Newcomers each month

10%
Population growth in five years

"Edmonton is no longer Canada's best-kept secret. The Edmonton-Calgary Corridor, with 2.3 million residents, is now widely perceived to be a 'Prairie Tiger' that would be the world's best-performing economy if it stood alone."

Edmonton Economic Development Corporation
Edmonton's Top-10 Economic News Stories, December 2007

ECONOMIC POWERHOUSE

SIZZLING GROWTH AND INVESTMENT. That's 2007 in a nutshell for this resource gateway, which nearly equals China in its exponential rate of expansion. Rated Canada's No. 1 performing economy by CIBC World Markets and Canada's best major city in which to do business by *Canadian Business Magazine*, the region enjoyed a record-setting $48 billion in total economic output, up a phenomenal 41 per cent over the past decade.

FUELED BY OIL SANDS. Global interest in the oil sands (just hours to the north) has attracted more than $200 billion in announced mega projects for the Edmonton region, surpassing even Fort McMurray. Poised to become North America's value added petroleum hub, Edmonton received *Foreign Direct Investment Magazine*'s nod for having the country's most attractive investment climate, bar none.

ROCKETING REAL ESTATE. For the fourth consecutive year, building permit values for Edmonton hit new records with 11,265 permits worth $2.46 billion issued, up 6.8 per cent from 2006.

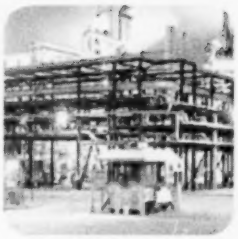
Real estate markets cooled a notch after a year of soaring prices, turning a frenzied sellers' market into a buyers' game in the second half of 2007. Yet, when measured against income, homes remain more affordable in Edmonton than in Calgary, Toronto or Vancouver.

HEALTH AND WEALTH. With unemployment the lowest in almost four decades and employment growing faster than ever before, personal income growth continues to outpace the national average. What's more, residents are starting to benefit from Alberta's farsighted [illegible] Institute, the largest research centre of its kind in Canada, opened in November 2007, while the Mazankowski Alberta Heart Institute, a 124-bed centre for research, training and patient care, is on track to open in 2008.

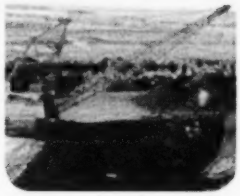
GLOBAL CONNECTIONS. A record 6.1 million passengers passed through Edmonton International Airport, the country's fastest growing major airport for the second straight year. New segments of the Anthony Henday ring road and Edmonton's planned Port Alberta will also grease the transportation machine, serving as the overland connector for Prince Rupert's new port, which opened up efficient access to Asia Pacific. Both CN and CP provide excellent rail links through the city. Equally significant, Edmonton is rich in electronic networks and expertise.

UPWARD HO. Amid unbridled opportunity and minimal taxes, Edmonton's GDP is projected to keep rolling upward at more than four per cent each of the next three years, building on a decade of uninterrupted growth.

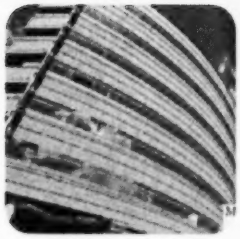
$48B
Region's total economic output



6.1M
Airport passengers



#1
Economy in Canada

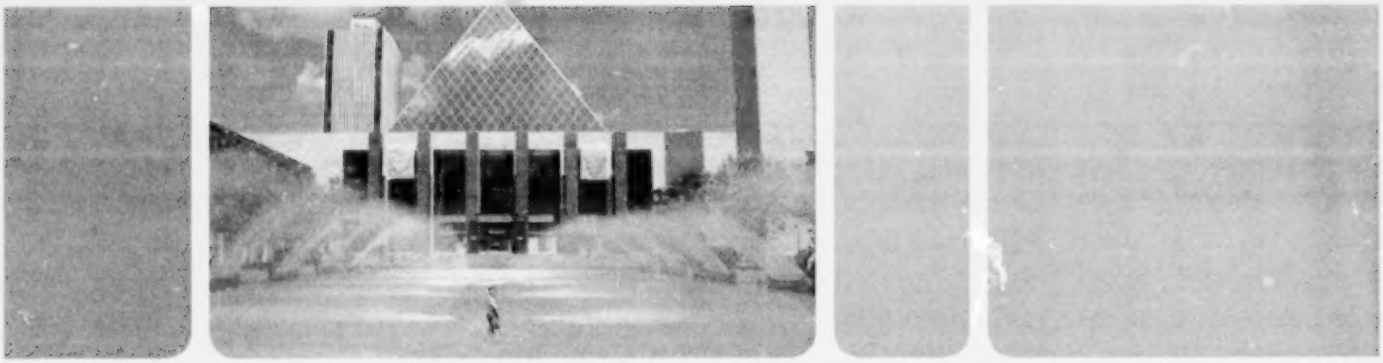


$200B
Regional investment planned

96.2%
Employment

"Edmonton International has grown from a small, regional airport to a medium-sized international hub. The incredible growth in the number of passengers using Edmonton International as their gateway of choice to other destinations is evidence that our airport is coming of age."

Reg Milley, President and CEO
Edmonton Airports



MESSAGE FROM CITY COUNCIL

A dynamic arts community, outstanding recreation facilities, top-notch municipal services – these are just some of the qualities and amenities that make Edmonton a truly outstanding city.

The quality of life enjoyed by Edmontonians depends in large measure on public programs and services – and many of our municipal services are second to none. Edmonton's waste management centre, for example, is the largest advanced, sustainable waste-processing and research facility in North America. Our recreational facilities are family-oriented, inclusive and affordable. Our parkland is well-maintained and beautiful through all four seasons. Our police service stands out as community-minded, collaborating with Aboriginal and community organizations, school boards, the inner city, youth and multicultural groups.

City Council is proud of the services this City provides and is committed to ensuring that Edmonton continues to be a national leader in education, health, industry, research and innovation.

13
ELECTED OFFICIALS

City Council (elected October 15, 2007)

BACK ROW (left to right): Dave Thiele, Ben Henderson, Ron Hayter, Don Iveson, Ed Gibbons, Bryan Anderson, Tony Caterina

FRONT ROW (left to right): Amarjeet Sohi, Karen Leibovici, Jane Batty, Mayor Stephen Mandel, Kim Krushell, Linda Sloan

FOUR PILLARS

In March 2007, Edmonton's City Council approved the first step in a corporate-wide strategic plan by consolidating more than 75 existing plans, past Council decisions, and the results of a range of public consultations. The resulting four outcome areas describe the community we aspire to be and set the priorities that guide all department planning and implementation efforts. These outcome areas represent the four pillars in the City's commitment to its citizens.

ENVIRONMENT
Edmonton provides a quality environment through a healthy ecosystem, diverse communities and balanced infrastructure management.
SOCIAL AND CULTURAL
Edmonton promotes vibrant, inclusive and safe communities.
ECONOMIC DEVELOPMENT
Edmonton secures a prosperous future through development and maintenance of economic viability, diversity and sustainability.
GOVERNANCE
Edmonton promotes effective governance structures and processes to achieve environmental, social and cultural and economic success.

ENVIRONMENT

As a fundamental priority for Edmontonians, the City has a leadership role in nurturing the natural and built environment to reflect our need for a healthy ecosystem, a sustainable city infrastructure and a prosperous, diverse community. This pillar focuses on three areas, each with priorities for City action, followed by examples of achievements in 2007.

150,000

Tonnes of concrete and asphalt recycled for reuse on roads

241

Trees relocated during South LRT construction

60,000

Tonnes of recycled sand used on winter streets

61.9M

ETS passenger trips, up 8% over 2006

"We're excited to be working with the City of Edmonton, an international leader in waste management, and we look forward to a long-term collaboration built on our mutual priorities of innovation and environmental protection."

Victor Roth, President
Global Electric and Electronic Processing (GEEP) Alberta

ENVIRONMENT

FOCUS: **HEALTHY ECOSYSTEM**

PRIORITIES:

- **Minimize the impact of human activities on our air, land, and water systems**
- **Use our natural resources prudently**
- **Maintain biodiversity**

ISO CERTIFIED. Mobile Equipment Services, Fire Rescue Services and Fire Operational Services achieved official ISO 14001 certification in December, joining Drainage Services and Waste Management in passing a rigorous third-party audit of their environmental management systems.

LEED SILVER. Council has directed that all future City of Edmonton facilities achieve LEED Silver status, certifying that they are high-performance, sustainable buildings.

MOVING PEOPLE. Edmonton Transit is playing a significant role in reducing the environmental impact of mushrooming traffic volumes. Transit recorded 61 million trips in 2007, the highest increase in regular riders in its 100-year history. The City began a comprehensive project to test new hybrid buses.

WASTEWATER FOR INDUSTRY. Gold Bar's leading-edge work with Petro-Canada to reuse wastewater for industrial applications has now attracted 11 national and international awards, including 2007 accolades from GE Water and Process Technologies, the Association of Consulting Engineers of Canada, and the Alberta Emerald Foundation.

LAND TRUST ENDOWMENT. An endowment of $2.5 million approved by City Council in 2007 will provide operational funding for the fledgling Edmonton and Area Land Trust to preserve Edmonton's significant natural areas.

FOCUS: **DIVERSE COMMUNITIES**

PRIORITIES:

- **Encourage smart growth**
- **Provide adequate land and infrastructure for residential and economic development**
- **Revitalize the downtown into a residential, economic, social and cultural area of distinction**

SMART CHOICES. Planners now use Smart Choices checklists and scorecards to evaluate whether plans, rezoning applications and subdivisions fit City Council's vision of smart growth. That vision calls for higher density near transit stations, improved walkability, reinvestment in mature neighbourhoods, residential infill, and redevelopment of underutilized commercial and industrial lands.

VITAL SIGNS. The just-opened Wheaton Family YMCA, the University of Alberta's downtown Enterprise Square, significant new retail space, a dozen high-rise condo projects and a spectacular new vision for the Art Gallery of Alberta all herald the successful revival of downtown.

FOCUS: **BALANCED INFRASTRUCTURE MANAGEMENT**

PRIORITIES:

- **Balance available resources between rehabilitation and growth across four asset groups: transportation, environment and safety, social infrastructure and corporate infrastructure**
- **Establish and increase funding for operations and maintenance, rehabilitation and replacement as new assets are added**

INFRASTRUCTURE PLANNING. The City is working on a three-year capital budget, 10-year capital plan and long-range financial plan. Due for Council review in mid-2008, these plans detail needs in each area of the corporation and each part of the city based on research regarding lifecycle costs. The comprehensive research in 2007 sets the stage for important decisions in 2008 that will create the legacy for our future.

PUTTING PRIORITY ON UPKEEP. Council directed that the provincial Municipal Sustainability Initiative funding be split between 60% investment for rehabilitation of existing infrastructure and 40% towards infrastructure to meet growth needs.

GOING FORWARD

WORLD ENVIRONMENTAL CONGRESS. A successful bid to host the 2009 World Congress of the International Council for Local Environmental Initiatives (ICLEI) promises to showcase our environmental prowess. Founded in 1990, ICLEI helps to build capacity by supporting and sharing locally designed initiatives that enhance sustainability.

SAVINGS ON TAP. Effective January 1, 2008, a new City bylaw requires water efficient toilets, urinals, faucets, once-through cooling systems and other units in new residential, industrial, commercial and institutional construction. The bylaw also applies to renovation projects requiring a plumbing permit.

EXPANDING LRT. Edmonton's Light Rail Transit continues to grow, with new stations at 76th Avenue and the University of Alberta South Campus due to open in early 2009 and travel to Southgate and Century Park Station at 23rd Avenue to follow a year later.

SOCIAL AND CULTURAL

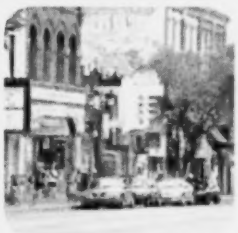
Citizens consistently report that a desirable quality of life depends on a vibrant, inclusive and safe community. The City works to foster these qualities by creating an atmosphere that is responsive to residents' needs and diversity of lifestyles, while ensuring all people have a safe and secure environment. The City has three focus areas in which priorities for action address this vital pillar of our community. Following are examples of achievements in addressing our priorities.

89%

Edmontonians satisfied with quality of life

2007

Cultural Capital of Canada



30+

Festivals

150+

Edmonton community leagues

"Edmonton is the first city in Canada to provide captioning service automatically so that **citizens living with hearing loss can take part in city celebrations and events.**"

Betty Loree
Citizen Action Centre
City Hall

SOCIAL AND CULTURAL

FOCUS: **VIBRANT COMMUNITIES**

PRIORITIES:

- **Facilitate the revitalization of neighbourhoods in need**
- **Promote Edmonton as an arts and cultural centre of excellence**
- **Encourage recreational, cultural, artistic, and entertainment opportunities for all residents**

CULTURAL CAPITAL OF CANADA. Edmonton earned this national title in 2007 and distributed $2 million in federal arts funding, plus $0.7 million from the City, to 34 individual artists and 26 community groups. A total of about 500 artists were supported by grant projects such as the New Year's Eve celebration in and around Churchill Square. The designation enhanced Edmonton's profile as an oasis for creativity, innovation, exploration and achievement, a legacy that will continue into the future.

RECREATION FACILITY PLANNING. Two new long-term plans, the Recreation Facility Master Plan and the Outdoor Aquatic strategy, provide a roadmap for meeting Edmonton's recreation needs in the coming decade.

WIRELESS EZONES. A new pilot project brings wireless connectivity to City Hall and Churchill Square, enabling free public Internet access by mobile devices. Kinsmen Sports Centre and Commonwealth Sport Centre also piloted wireless "hot spots."

FOCUS: **INCLUSIVE COMMUNITIES**

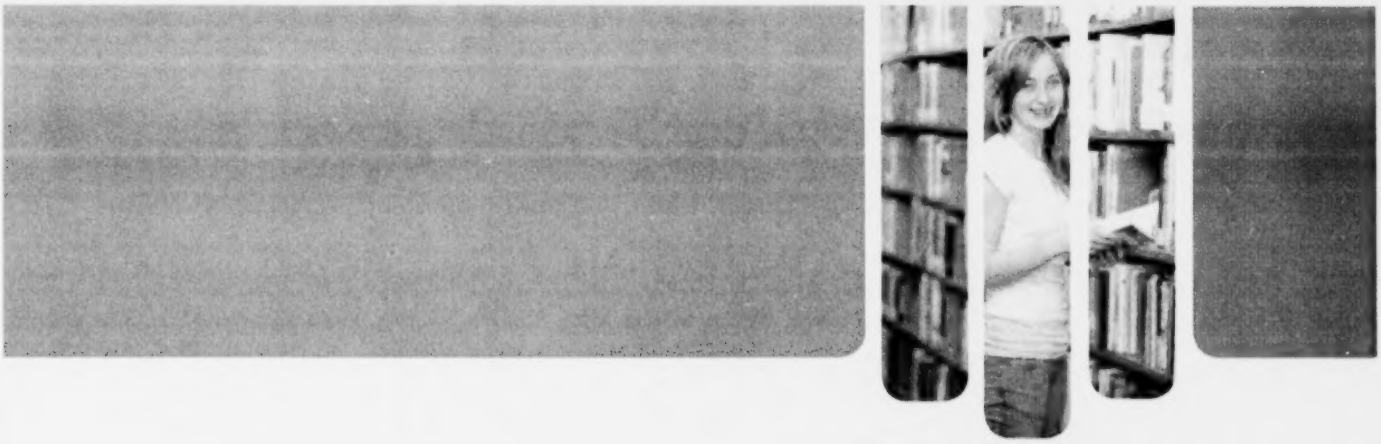
PRIORITIES:

- **Ensure accessible and ethno-cultural sensitive services**
- **Continue to target programs and services to segments of the community**
- **Provide affordable housing and transportation**

ABORIGINAL OUTREACH. A new Aboriginal Relations Office within the Office of Diversity and Inclusion aims to ensure equitable access to services and employment for Edmonton's Aboriginal population, the second largest of any city in Canada. Grounded in the Edmonton Urban Aboriginal Accord, the office is guided by the Edmonton Aboriginal Urban Affairs Committee. Partners also link with community agencies and the federal government to celebrate Aboriginal culture.

ACCESSIBLE TAXIS. Thirty-five mini vans equipped for on-board wheelchairs and scooters will join the taxi fleet in Edmonton under an agreement signed in late 2007. Passengers will pay no higher fares than for other taxis.

FROM TEENS TO SENIORS. The Library Association of Alberta saluted the Edmonton Public Library with an Award of Excellence for its skyrocketing circulation of young adult materials in 2007, in response to the addition of a teen-services librarian in 2005. The library designated 2007 as the Year of the Older Adult, with similar goals in mind for "Senior Friendly" material.



CORNERSTONES. A new Housing Branch is hard at work implementing City Council's plan to add 3,800 units to the City's supply of attainable housing by 2010, in partnership with other orders of government, industry and the community, at a shared cost of $170 million. In 2007, the city gained 165 affordable housing units and gave 400 rent supplements to help families cope with rising rents. In the future, developers must make at least five per cent of all new residential construction as affordable long-term housing.

TRANSIT SPECIALS. A full 38,000 MacEwan and University of Alberta students took advantage of U-Pass, a new initiative offering unlimited access to regular transit services in Edmonton, St. Albert and Strathcona County during academic terms. Numerous Edmonton companies purchased new Employ-E passes, available at a 12 per cent discount for employees.

FOCUS: **SAFE COMMUNITIES**

PRIORITIES:

- **Promote physical environments where people of all ages can safely participate in normal daily activities**
- **Facilitate community-based partnerships to promote safety and security and encourage prevention**
- **Continue to set standards for the delivery of emergency services**
- **Continue to focus on community-based policing**

CHIEF OF THE YEAR. Edmonton Fire Chief Randy Wolsey was named Chief of the Year in September by the Canadian Association of Fire Chiefs. Since taking the helm in 2001, he has advocated changes in the Alberta and Federal Building Codes regarding fire-resistant materials used in home construction.

DISTRICT POLICE TEAMS. Edmonton Police Service launched a major shift in delivering frontline patrol services. The new model adds a fifth division and assigns ownership for problem solving to 20 district teams rather than central offices. Edmonton's unique new policing model will improve response times, reduce crime and disorder and demonstrate that police officers care about community concerns.

GOING FORWARD

GREAT NEIGHBOURHOODS. This new program promises to streamline and coordinate all departments' work in neighbourhoods while empowering residents to be more involved. Community Services' new Neighbourhood and Community Development Branch is leading the project to align key infrastructure revitalization initiatives and community-based projects.

311 CALL CENTRE. Beginning in 2008, citizens will have three-digit, 24/7 access to bookings and information involving civic services ranging from transit to summer camps to permits and more.

ECONOMIC DEVELOPMENT

A successful city features a vibrant economy based on diverse, sustainable industries that provide widespread employment and generate the wealth to support an overall high standard of living and quality of life. The City of Edmonton has two main focus areas to foster economic development, each with priorities for action in 2007.

$1.3B
2007 Operating Budget

$2.46B
Building permits

17.2%
Employment increase since 2001

8,894
Housing starts

"Port Alberta allows us to function effectively as a gateway to and from Asia, Canada's North, the oil sands, and for all of North America. It's a new strategic link in the global supply chain."

Glen Vanstone, Director of Cargo and Business Innovations
Edmonton Airports

ECONOMIC DEVELOPMENT

FOCUS: **BUILD A BUSINESS-POSITIVE, SUSTAINABLE URBAN ENVIRONMENT**

PRIORITIES:

- **Ensure Edmonton is able to:**
  - **a. compete favourably with other municipalities for site locations**
  - **b. encourage population and workforce diversity, attraction and retention**
  - **c. plan adequate services and infrastructure development, provision and maintenance**
  - **d. maintain a reserve of serviced land for economic use**
- **Expand and diversify the economic base through business and workforce attraction and by developing an entrepreneurial culture**
- **Maintain our advantages by managing the impact of growth**

STREAMLINED DEVELOPMENT. With provincial leaders, developers and builders, the City is working to streamline the process of readying land for development. At the operational level, the Planning and Development department is seeking input from the development industry on ways to expedite the review of creative new designs.

ANTHONY HENDAY. The October opening of the southeastern leg of the Anthony Henday (Hwy. 216) ring road immediately helped to speed the flow of traffic. The two-year provincial project has greatly enhanced traffic flows throughout the area.

UPGRADER SPINOFFS. Bitumen upgraders being planned for Greater Edmonton will create as much as $124 billion in new business opportunities, according to a Greater Edmonton Area Bitumen Upgrader Supply Chain Report, co-sponsored by Edmonton Economic Development Corporation (EEDC) and Alberta Employment, Immigration and Industry. The report highlights the fact that local firms have the expertise to fill many of those needs.

FOCUS: **PROMOTE THE URBAN ENVIRONMENT TO TARGET BUSINESS SECTORS AND WORKERS, BUILDING THE APPROPRIATE PARTNERSHIPS TO SUCCEED**

PRIORITIES:

- **Promote and expand awareness of Edmonton nationally as a smart and vibrant city with a young, educated and skilled workforce**
- **Build effective relationships with key City-building partners to develop a welcoming and compelling business environment**
- **Partner with regional municipalities to build a stronger and more diverse regional economy**
- **Partner with provincial and federal governments, agencies and boards to make the necessary investments to capitalize in times of high growth and level out in slower economic conditions**

COORDINATED EMERGENCY CARE. The City's Emergency Medical Services, Capital Health and Caritas joined forces to improve pre-hospital and emergency care. A committee provides a forum for reviewing strategic issues related to the transfer of patients between all three partner organizations.

PROMOTION AND DIVERSIFICATION. The City of Edmonton continues to support made-in-Edmonton entrepreneurs through organizations such as TEC Edmonton, which moved into the new Enterprise Square in downtown Edmonton in late 2007. This joint venture between the University of Alberta and the City helps inventors and entrepreneurs in the capital region turn new ideas into viable businesses within knowledge industries such as IT and biotechnology.

PORT ALBERTA. The historic opening of the Prince Rupert container port holds great potential for Edmonton. As the first major urban centre on the CN line from the coast, the City is working with the Chamber of Commerce, EEDC, Edmonton Airports and the federal and provincial governments to establish Port Alberta, an intercontinental and inter-modal transportation hub on the model of Chicago or Memphis. Construction of a new 13,000-sq.m cargo apron at Edmonton International Airport began in 2007 and a second will begin in 2008.

GOING FORWARD

FORT ROAD OLD TOWN. By 2009, Fort Road in northeast Edmonton will be transformed into a transit-oriented urban village, with an attractive streetscape and a concentration of dwellings and shops located conveniently near the Belvedere LRT station.

BUSINESS TAX SHIFT. Between 2008 and 2011, business taxes will be phased out and shifted to non-residential property tax. The move will create a streamlined, convenient and transparent taxation system for businesses, with no net gain or loss in revenue from business.

GOVERNANCE

Edmonton is Alberta's capital city and one of Canada's fastest growing municipalities. With economic opportunities also come challenges in keeping pace with growth. The region of more than 20 towns, villages, cities and counties makes up one of the most promising economies in the world. But the municipalities are challenged to manage interrelated, growing economies in a way that maximizes the region's global economic potential. Edmonton has two main focus areas for enhancing efficiency and fostering regional collaboration, which will help support the City's other three pillars.

1.6 B

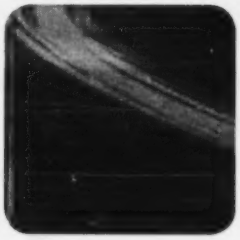
Printed pages avoided through e-records, enough to fill 239 railroad cars

86%

Corporate safety audit score

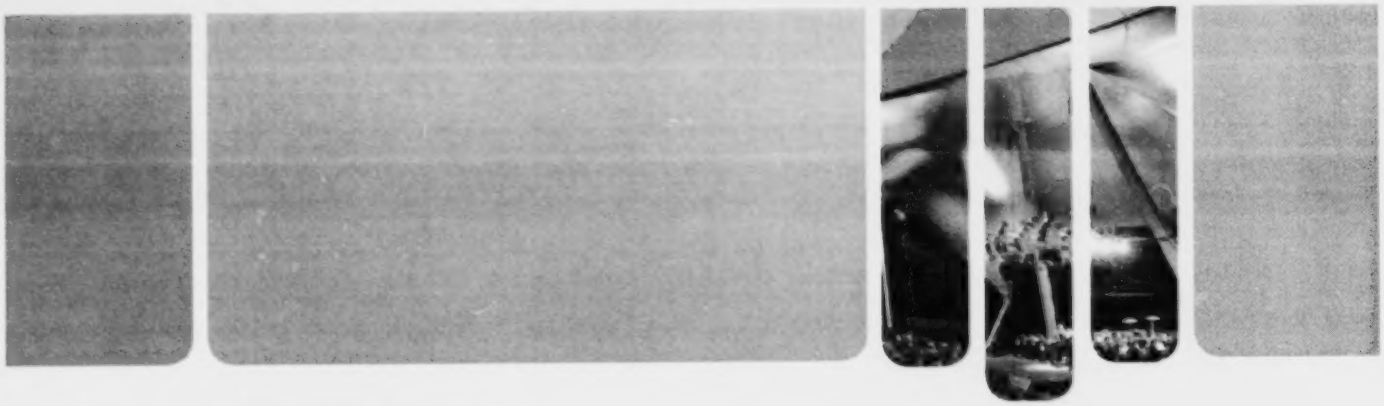
Envision Edmonton

2040



"I firmly believe that, if we get this right, the benefits will be clear to everyone in the **Capital Region. Roads and highways will be built in the right place... By working together, we can avoid problems that have plagued other high growth areas which have been forced to catch up after the fact because the necessary planning was not done in advance."**

Doug Radke, December 2007
Working Together:
Report of the Capital Region Integrated Growth Management Plan Project Team



GOVERNANCE

FOCUS: **OPTIMIZE REGIONAL GROWTH AND DEVELOPMENT**

PRIORITIES:

- **Explore innovative regional governance frameworks to optimize the potential of the region**
- **Advocate and influence policy and decision-making to promote good urban governance**
- **Improve services by supporting the development of strong and effective regional service delivery mechanisms**
- **Build partnerships with all orders of government, as well as key City-building partners, to help address and mitigate the impact of modern municipal pressures (i.e. growth) on Edmonton's residents**

ADVOCACY. Mayor Mandel, City Council and members of the Regional Strategy Group continue to promote greater shared understanding of City of Edmonton needs, especially for infrastructure and financing.

ONGOING COLLABORATION. Where agreements with regional partners are already in place, day-to-day collaboration continues. For example, the Transportation department is actively working with neighbours to expand regional transit services and coordinate road interchanges. The City also devotes significant energy to such joint initiatives as the HUB Alliance, the Yellowhead Highway Association and the River Valley Alliance.

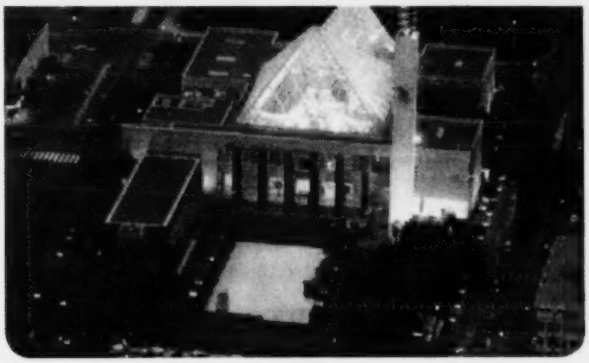
EMERGENCY COORDINATION. A new Ambulance Destination Coordination Centre streamlines the entry of ambulance patients into local hospital emergency departments and allows paramedics to get back on the road faster.

FOCUS: **BUILD ORGANIZATIONAL CAPACITY**

PRIORITIES:

- **Involve and engage the public, local government, private industry, key City-building partners, and community stakeholders in decision-making processes**
- **Set a common strategic direction for the City and align resources appropriately**
- **Improve decision-making capacity in the organization by employing sound management practices**

PUBLIC INVOLVEMENT. A new public involvement process received high satisfaction ratings when piloted in 2007 in several major consultation projects such as the Municipal Development Plan review (Focus Edmonton).



TRANSFORMING EDMONTON: This is a new framework for integrating the City's major planning initiatives into one unified Corporate Business Plan and coordinated implementation. All departments and agencies collaborate on the major planning efforts that are shaping the development of Edmonton as one of Canada's major cities:

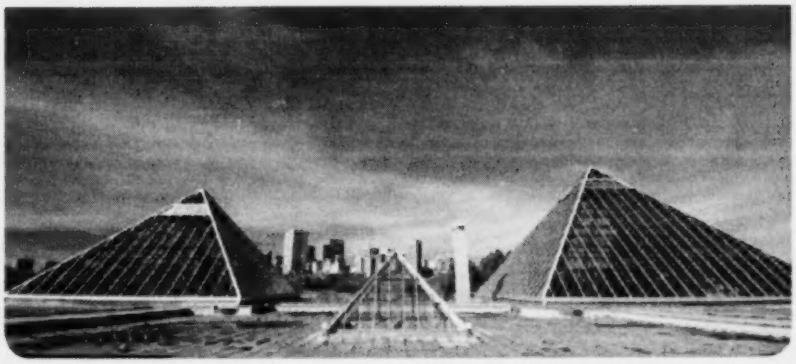
- **envisionEdmonton** created a Vision of the City in 2040, following intense consultation with more than 2,200 Edmontonians in a variety of workshops, surveys and forums
- **Focus Edmonton** City Plan is the integrated land use policy (Municipal Development Plan - MDP) that will direct growth and redevelopment over a 30-year time horizon and a 10-year implementation period
- **Moving Edmonton** is the new Transportation Master Plan, built on public input that calls for a major focus on LRT growth. This strategic direction and policy framework for system-level transportation decisions will be introduced in late 2008 with the MDP
- **EcoVision** is the Environmental Strategic Plan completed in 2006
- **Sustainable Infrastructure Financial Strategy** will establish policies in 2008 for addressing Edmonton's infrastructure shortfall over the next 30 years
- **Regional Strategy Group** works to achieve greater cooperation within the Capital Region for the overall global competitiveness and sustainability of the region

WORKING SMARTER. Recent civic initiatives such as the ETS Trip Planner, Online Store, e-Permits, e-Licencing, and e-Learning, highlight how optimizing business processes can improve efficiency and make services more effective. For example, the ETS online Trip Planner has enabled bus service to expand hours without impacting Call Centre service levels. Damage claims collected are helping to fix and maintain downtrodden City property. More recent initiatives, including online assessment, tax and land sale forms, are also beginning to prove their value. The most recent initiatives deployed in late 2007 include a powerful new Project and Contract Management system, and the enhancement to the City's computer mapping system.

GOING FORWARD

REGIONAL DECISION-MAKING. A new regional board promises to fill the Capital Region's need for unified planning and action. Created by Premier Stelmach in response to a report commissioned from consultant Doug Radke, the board will start work on regional land-use and transportation plans soon after formation in early 2008.

PERFORMANCE MEASURES. Illustrative non-financial performance measures will continue to be integrated with financial measures to enhance transparency and reflect efficiency and effectiveness of the City.



POLITICAL AND ADMINISTRATIVE STRUCTURE

CITY COUNCIL Edmonton is governed by an elected City Council comprised of a mayor and 12 councillors. Together they provide leadership and direction to the City Manager and City administration.

The city is divided into six wards, with each voter able to choose two councillors as well as the Mayor. Elections are held every three years; the most recent of which was held on October 15, 2007.

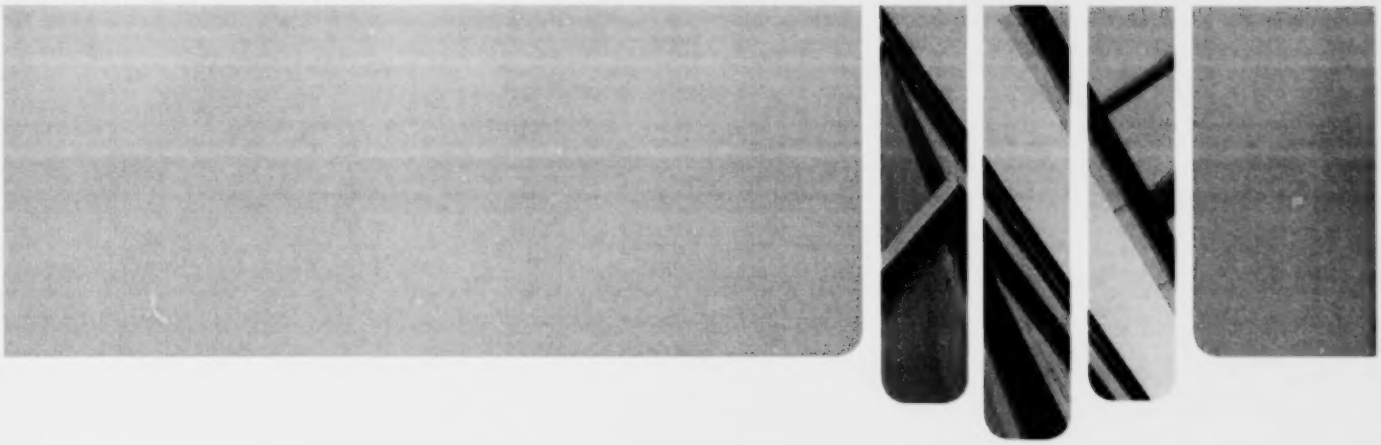
City Council meetings are held two to three times a month. City Council has a number of standing committees that meet regularly. Meetings are open to the public.

CITY MANAGER Appointed by City Council as Chief Administrative Officer, the City Manager implements City Council policies and manages day-to-day operations to ensure that citizens have access to the essential services needed in a liveable city. Al Maurer has served in this position for eight years, leading with experience and dedication. With a recent change to the organizational structure, under his leadership are now seven departments and a number of corporate offices administered by a Deputy City Manager.

OFFICE OF THE CITY AUDITOR Appointed by and accountable to City Council, the City Auditor performs the key roles of guardian and agent of change, providing independent reviews of civic departments and programs through audits and other studies.

EPCOR UTILITIES INC. EPCOR is one of Canada's top providers of power and water-related services and products. EPCOR builds, owns and operates power plants, electrical transmission and distribution networks, water and wastewater treatment facilities and infrastructure, and provides energy and water services and products to its residential and commercial customers. With $6.5 billion in assets, EPCOR is headquartered in Edmonton and operates in Canada and the United States.

The City is EPCOR's sole common shareholder and City Council appoints the utility's Board of Directors and Chairman.

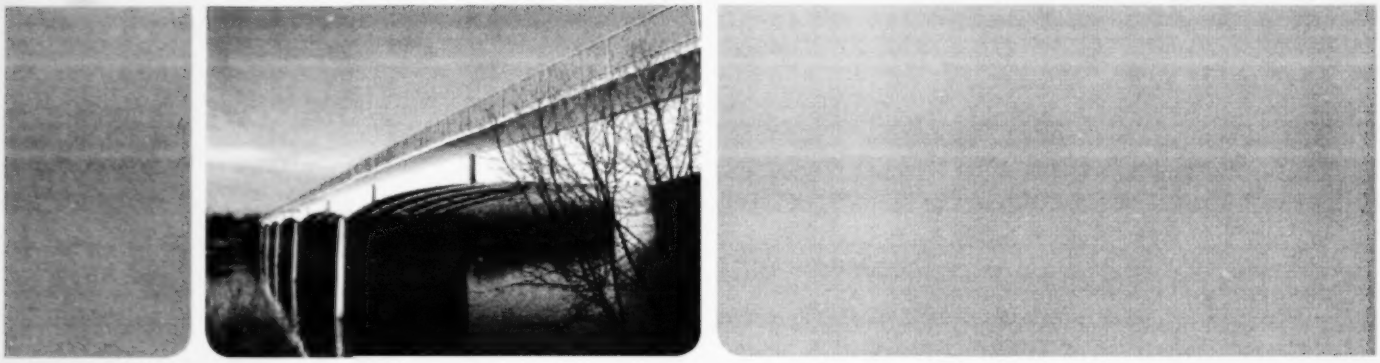


POLICE The Edmonton Police Commission includes seven citizens, appointed by City Council, and two City Councillors. The Police Commission oversees the Edmonton Police Service, including allocating funds provided in its annual operating budget to maximize the Police Service's community-based approach to enhancing safety and combating crime.

LIBRARY A 10-member Edmonton Public Library Board, appointed by City Council, manages Edmonton's library services, offered from a main location downtown and 15 additional branches. One City Councillor sits on the Board.

EDMONTON ECONOMIC DEVELOPMENT CORPORATION EEDC is a wholly owned subsidiary of the City of Edmonton. EEDC is responsible for regional economic development, tourism marketing, and the operation of the Shaw Conference Centre and Edmonton Research Park. It reports to a 15-member Board of Directors, appointed from both the private and public sector by City Council. The Board includes Edmonton's Mayor.

OTHER BOARDS Hundreds of citizens play valuable roles as members of commissions, agencies, boards and authorities that provide leadership and advice about vital aspects of our lives. In addition to the boards named above, areas addressed by those bodies include business development, assessment, transportation, housing and historical preservation. Most citizens volunteer their services, evidence of the vibrant volunteerism for which Edmonton is internationally known.



MESSAGE FROM THE CITY MANAGER

Al Maurer, City Manager

At this moment, Edmonton is transforming into a major city. This is not a steady evolution, but a substantial leap in growth.

Not only is the need for service increasing as our city moves from medium to big, but the issues facing municipal government are more complex. As your administration, we cannot simply deliver more services; we must also change the way we work.

In 2007, we did exactly that.

By significantly changing our approach to capital projects, we were able to double the amount of work completed compared to each of the last two years. Besides making dramatic improvements in capital cash flow management, we worked with the construction and development industries to streamline tendering and the construction management processes. As a result, 2007 saw the largest capital expenditure in Edmonton's history, all done within budget.

We are also opening new channels of communication with neighbourhoods to ensure that capital improvements not only rehabilitate infrastructure, but contribute to community building. Our neighbourhoods also need an adequate supply of affordable housing, and we continue to work with partner agencies to make sure this happens.

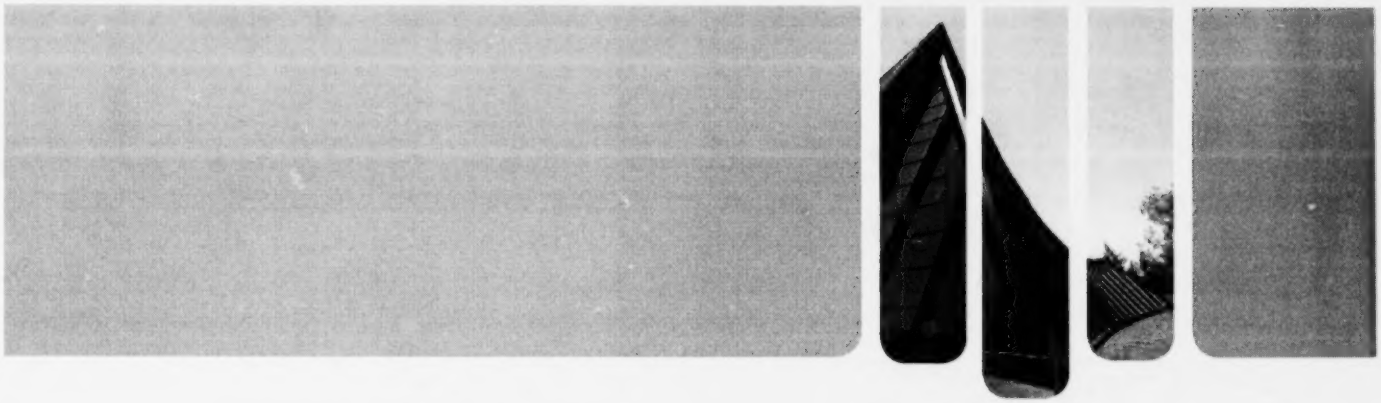
The City of Edmonton continues to improve our environmental stewardship. In 2007, we adopted LEED standards for municipal buildings.

In the year ahead, we will take significant steps to confirm our roadmap for the future. City Council will finalize both the Transportation Master Plan and the Municipal Development Plan, now combined under the banner Transforming Edmonton.

This is an exciting time in Edmonton. A time of renewal and change for civic administration, for our citizens – and for the newcomers we welcome each day.

A.B. Maurer, P.Eng.
City Manager

March 28, 2008



LEGISLATIVE AND ADMINISTRATIVE ORGANIZATION CHART

ELECTORATE

CITY COUNCIL
Mayor and 12 Councillors

- **Community Services Committee**
  Four Councillors
- **Executive Committee**
  Mayor and four Councillors
- **Transportation and Public Works Committee**
  Four Councillors
- **Other Committees**
  Council has other committees to handle various tasks, eg. Agenda Review and Audit Committees

- **Office of the City Auditor**
  D. Wiun, City Auditor
- **Epcor Utilities Inc.***
  D. Lowry, President & C.E.O.
- **Police Commission**
  B. Gibson, Chair
- **Edmonton Public Library Board**
  D. Davidson, Chair
- **Other Commissions, Agencies, Authorities, Boards**
  such as Landlord & Tenant Advisory Board, Boxing & Wrestling Commission and Edmonton Economic Development Corporation

CITY OF EDMONTON ADMINISTRATION

City Manager
A. Maurer

- **Deputy City Manager**
  J. Tustian
- **Asset Management & Public Works**
  B. Burn, General Manager
- **Community Services**
  L. Cochrane, General Manager
- **Corporate Services**
  H. Crone, Acting General Manager

- **Planning & Development**
  G. Klassen, General Manager
- **Transportation**
  B. Boutilier, General Manager
- **Finance**
  vacant, Chief Financial Officer
- **Capital Construction**
  vacant, General Manager

* EPCOR Utilities Inc. is a wholly-owned subsidiary of the City of Edmonton.

Note: Chart represents organization structure as introduced in April 2008

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

Roger Rosychuk,
Finance Branch Manager

The 2007 Annual Report includes the consolidated financial statements for the City of Edmonton (the City), prepared in accordance with the standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). Deloitte & Touche LLP have provided the accompanying Auditors' Report. The financial statements and auditors' report satisfy a legislative reporting requirement as set out in the *Municipal Government Act* (MGA) of Alberta.

The Annual Report also serves as an opportunity to communicate with stakeholders and other report users regarding the City's 2007 financial performance, and to provide related information regarding significant financial policies, strategies, and events.

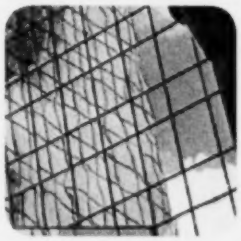
The following financial statement discussion and analysis is the responsibility of Management and should be read in conjunction with the audited consolidated financial statements and the statistical review.

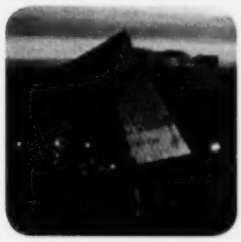
AA+

Standard & Poors credit rating

$871M

Capital Spending





$214.7M

Balance in Reserves

14TH

Year

Financial Reporting Award

"The City has a strong culture of prudent financial management, as evidenced by its practice of internally financing the majority of its capital expenditures, maintaining **balanced operating budgets, and adhering to conservative investment and reserve management rules."**

DBRS
Credit Rating Report
August 1, 2007

2007 FINANCIAL HIGHLIGHTS

The 2007 financial statements have been prepared on a fund basis and are comprised of an operating fund, a capital fund, and a reserve fund. The results of the three funds have then been consolidated to report the overall financial position and financial activities. The City continues to achieve positive financial results driven by a vibrant economy and prudent fiscal management.

The Consolidated Statement of Financial Position provides a summary of the City's financial assets, liabilities, net financial assets, and municipal position. Overall, the City has maintained a strong municipal fund position providing additional financial flexibility for the future, with net assets representing a total municipal position at December 31, 2007 of $5.3 billion, an increase of 8.0 per cent from the prior year.

The Consolidated Statement of Financial Activities outlines revenues collected by the City and their application to provide municipal services and finance capital expenditures. Total revenues of approximately $2.2 billion were consistent in total with those of 2006. A significant increase in capital government transfers and increases in taxes and user fees were offset by a decrease in income from subsidiary operations. Expenditures of $2.2 billion were managed within the approved budget.

The Consolidated Statement of Changes in Financial Position summarizes the sources and uses of cash in 2007. The cash position, comprised of cash and temporary investments, has increased to $435.9 million from $341.6 million in 2006. This is primarily the result of increased debenture borrowing during the year to finance capital expenditures. Overall, the City has been able to increase investments of a longer term nature by $93.1 million, to maximize investment earnings and provide future financial stability.

FINANCIAL POSITION

Investments

Included in investments of $1,509.4 million are amounts held within a Short Term Bond Fund, the Ed Tel Endowment Fund, the Balanced Fund, the Sanitary Servicing Strategy Fund, and other longer term investments. Overall, the market value of the investment portfolio of $1,516.0 million exceeds the cost.

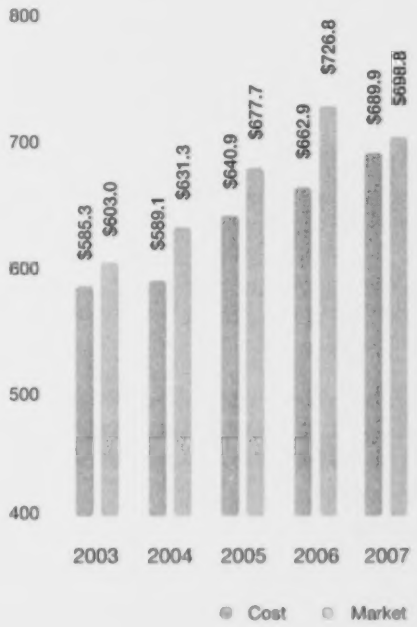
Additional investments of $213.3 million are managed for trust assets under administration, including City-sponsored pension plans and a long-term disability benefit plan funded by employees, as disclosed in Note 21 to the consolidated financial statements. Consistent with PSAB requirements, trust assets are excluded from the City reporting entity.

All investments must comply with the *Municipal Government Act* (MGA) of Alberta, the associated *Major City's Investment Regulation* and with the City's investment policy. The City Council approved investment policy has a goal to preserve the original principal and to maximize investment returns within an acceptable level of risk. Asset mix is determined based upon the earning objectives and timelines.

FINANCIAL POSITION CONTINUED

The EdTel Endowment Fund was established in 1995, with the investment of $470.2 million in proceeds from the sale of the municipal telephone utility. Earnings from the Fund are applied to support municipal operations under a formula established by City Bylaw. Since experiencing negative market results in 2000 through 2002, the Fund has grown aggressively, ending the year with an investment book value of $689.9 million and a market value of $698.8 million. Based upon the policy and market values at the end of 2006, an additional one-time dividend of $8.0 million was approved to support municipal operations in 2007. Based upon the June 2007 values, a similar dividend will be available for 2008.

Net Assets of Ed Tel Endowment Fund
(millions of $)



Investment in Subsidiaries

The City's investment in subsidiaries relates to EPCOR Utilities Inc. (EPCOR) and the City of Edmonton Non-Profit Housing Corporation, both wholly owned subsidiaries. The City applies a modified equity method of accounting and reporting for these subsidiaries as government business enterprises. Accounting principles followed by the subsidiaries are not adjusted to conform to those of the City as a local government.

In 2007, the total investment in subsidiaries increased to $2,368.0 million from $2,243.4 million in 2006. Of that net change, $124.5 million was attributable to EPCOR.

City Council's utility fiscal policies govern the financial relationship between the City and each of the municipally owned or operated utilities. These policies require each utility to charge sufficient rates to recover all operating costs, repay capital debt, and earn a return on the City's equity investment. The policies also require each utility to pay the City a franchise fee on utility revenue and to provide a portion of annual utility profits as a dividend to the City. The dividend policy for EPCOR is based on a percentage of ongoing budgeted earnings.

FINANCIAL POSITION CONTINUED

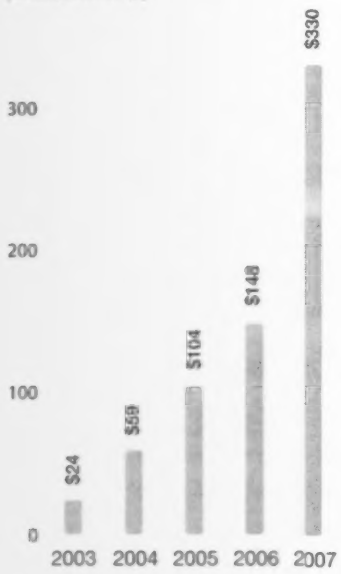
Deferred Revenue

Deferred revenue of $344.5 million has increased by $29.7 million over 2006. Deferred revenue is largely made up of funding received in advance for capital expenditures, which is externally restricted until used for the purpose intended. Included in 2007 deferred revenue is $194.5 million received under the Alberta Municipal Infrastructure Program (AMIP), a program implemented to manage the infrastructure backlog and longer term infrastructure requirements, as well as $38.2 million received under the Provincial Fuel Rebate program and $23.7 million from the Federal Fuel Rebate program, available to fund certain Transportation projects.

Debt

Long-term debt of $758.9 million represents the net amount payable as at December 31, 2007. The gross amount of debentures and mortgages payable of $1,551.3 million is offset by the $244.9 million in related amounts receivable, mainly from EPCOR, and by sinking fund assets for debt retirement of $547.5 million. Overall, sinking fund market values of $553.2 million exceed book values. The amount receivable from EPCOR relates to debentures issued in the name of the City on behalf of EPCOR prior to 1999.

Tax-Supported Debt
(millions of $)



The MGA sets limits for debt and debt service costs. The City carries relatively low levels of debt and is well below the legislated limits. However, percentages used have increased somewhat from the prior year.

(millions of $)		
2007 MGA Debt Limit	$	3,157.3
Total Debt per Regulation		761.4
Percentage used (%)		24.1
2007 MGA Debt Service Limit	$	552.5
Total Debt Service per Regulation		77.6
Percentage used (%)		14.0

The City's Debt Management Fiscal Policy provides guidelines with respect to debt and pay-as-you-go funding of capital from the operating fund. The City continues to follow a pay-as-you-go financing approach for a significant portion of capital expenditures in tax-supported programs, reducing the amount of debt financing required. The existing Policy is being reviewed and is expected to be updated in 2008.

All borrowing completed by the City since 1993 has been in the form of amortizing debentures in Canadian dollars administered through the Alberta Capital Finance Authority (ACFA), utilizing the strong debt rating of the Province of Alberta and the combined borrowing volumes across Alberta. Interest rates are established at the time of borrowing and remain constant throughout the term of the debenture, eliminating the risk associated with fluctuating interest rates. Payments are made annually or semi-annually.

FINANCIAL ACTIVITIES

Operating Fund

The 2007 consolidated operating fund net revenues were $187.1 million, excluding income from subsidiary operations, which contributed a further $313.1 million. After providing for certain budgeted fund transfers and debt repayments, the consolidated operating fund balance increased by $207.2 million to $3,314.3 million.

Operating fund revenues, net of subsidiary operations, were $173.9 million greater than in 2006, an increase of 13.3 per cent primarily due to increased taxes for municipal operations, user fees, sale of goods and services, investment earnings and amounts from licenses/permits. Expenditures were $114.3 million greater than 2006, or 9.7 per cent, to address the additional service needs associated with growth and cost escalation in a robust economy.

(millions of $)

Operating Fund Revenues*	
2007 actual	1,479.6
2006 actual	1,305.7
Variance	173.9
% variance	13.3

Operating Fund Expenditures*	
2007 actual	1,292.5
2006 actual	1,178.2
Variance	114.3
% variance	9.7

*Excluding income from subsidiary operations

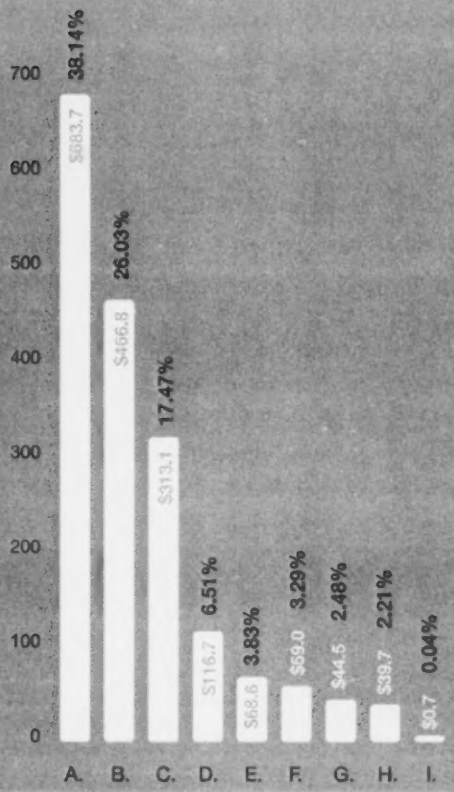
Revenues exceeded budget in 2007 primarily for investment earnings, transit and parking revenues and higher traffic and permit fees. Expenditures were under budget for most program areas as a result of delays in agreements and staffing, reduced realty tax appeal costs and the discontinuance of a one-time multi-year linear property tax appeal. Winter road maintenance costs exceeded budget due to weather conditions and implementation of hired equipment retainers.

The City recognized expenditures to adjust employee benefit obligations in 2007 relating to accrued vacation, post-employment benefits provided to employees subsequent to their active service, banked overtime, and certain benefit plans including a new health spending card. The adjustments were based upon updated data or actuarial valuations.

Earnings within the EdTel Endowment Fund in 2007 were $67.0 million. Of that amount, $32.0 million was provided to support municipal operations. A further $8.0 million was provided from the Fund in 2007 as a special one-time dividend based upon ending 2006 market values. Based upon the strong investment market values at the end of 2007, another special one-time dividend of $8.8 million has been approved under the Investment Policy for 2008.

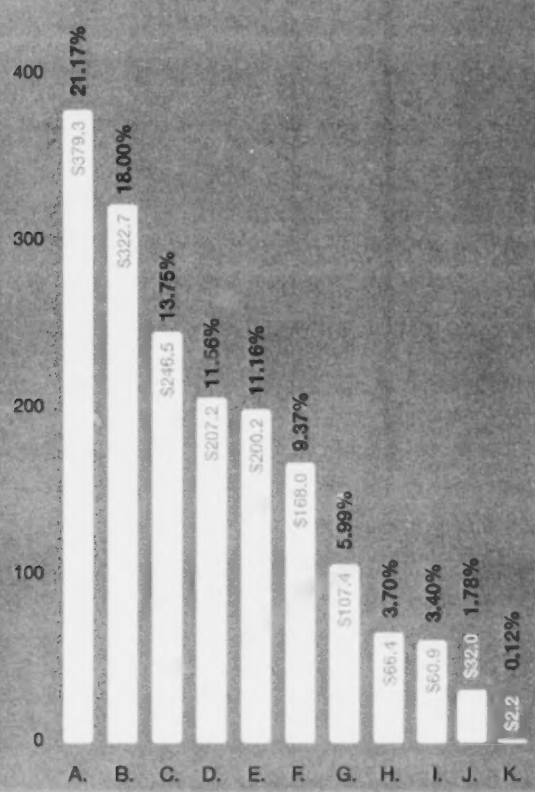
Earnings in the City of Edmonton Sinking Fund, established to meet future obligations to the purchasers of certain City of Edmonton debentures, approximated the required earnings in 2007. Under an agreement, excess earnings within the Sinking Fund are shared between the City and EPCOR. The balance of accumulated excess earnings attributable to the City at December 31, 2007 is $29.0 million, of which $1.2 million has been committed to fund future capital expenditures.

Operating Fund – Source of Income
(millions of $)



A. Taxation	$	683,746	38.14%
B. Sale of goods and services		466,798	26.03%
C. Subsidiary operations		313,110	17.47%
D. Investment earnings		116,658	6.51%
E. Franchise fees		68,599	3.83%
F. Government transfers		58,950	3.29%
G. Licenses and permits		44,517	2.48%
H. Fines and penalties		39,675	2.21%
I. Developer and customer contributions		665	0.04%
	$	1,792,718	100.00%

Operating Fund – Distribution of Income Dollar
(millions of $)



A. Protective services	$	379,313	21.17%
B. Transportation services		322,683	18.00%
C. Community services		246,532	13.75%
D. Increase in operating fund balance		207,193	11.56%
E. Net transfers to capital fund and reserve fund		200,156	11.16%
F. Corporate administration, general municipal and pension and benefit adjustments		167,997	9.37%
G. Utility and enterprise services		107,414	5.99%
H. Waste management		66,402	3.70%
I. Subsidiary operations – Net comprehensive loss adjustment		60,938	3.40%
J. Debt repayment		31,919	1.78%
K. Tax appeals and allowances		2,171	0.12%
	$	1,792,718	100.00%

FINANCIAL ACTIVITIES CONTINUED

EPCOR net earnings of $313.1 million in 2007 exceeded the budget expectation of $204.5 million. Dividends of $127.6 million and franchise fees of $39.1 million were transferred to support municipal operations.

Enterprise and utility operations of Drainage Services Utility, Land Enterprise and Mobile Equipment Services earned a combined $115.9 million, prior to fund transfers and debt repayment of $80.2 million. The Edmonton Public Library, Edmonton Economic Development Corporation and Taxi Cab Commission earned a combined $4.4 million, prior to fund transfers and debt repayment of $3.3 million.

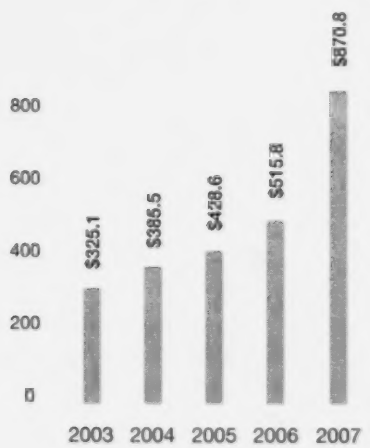
Capital Fund
(millions of $)

Capital Fund Revenues	
2007 actual	445.7
2006 actual	254.6
Variance	191.1
% variance	75.1

Capital Fund Expenditures	
2007 actual	870.8
2006 actual	515.8
Variance	355.0
% variance	68.8

In 2007, revenues exceeded the prior year by $191.1 million, or 75.1 per cent, due to increased funding from other orders of government. Revenues of $445.7 million were applied directly to finance capital. As well, $163.9 million was transferred from the operating fund on a pay-as-you-go basis and $246.8 million was added through new debenture borrowings, of which $191.2 million was for tax-supported debt.

Capital Expenditures (excluding EPCOR Utilities Inc.)
(millions of $)



$870.8 million was expended on capital during 2007, a dramatic increase of 68.8 per cent from 2006. Expenditures were primarily in areas of bus and light rail transit, roadways, drainage services, mobile equipment, and information technology. A number of capital projects did not proceed to the extent planned during the year due to factors such as the unavailability of resources, outstanding external commitments, land and vendor negotiations, project changes, and weather impacts. Those projects will continue into 2008. The strong regional economy is impacting the availability of resources and resulting in significant cost escalation.

In 2007, work continued on the extension of the South Light Rail Transit (South LRT) project, with plans to extend to 23rd Avenue (Century Park) by the end of 2009. This portion of expansion is being initially financed through a combination of federal fuel tax rebate dollars and debt financing, with the ongoing federal fuel tax monies applied to service the debt.

FINANCIAL ACTIVITIES CONTINUED

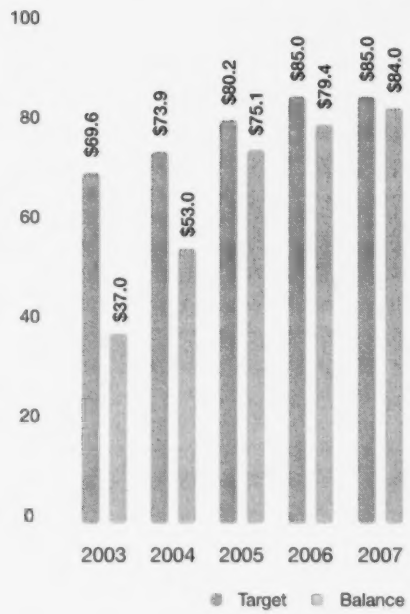
The ending capital fund balance of $157.7 million is committed to fund capital projects approved by City Council. Equity in physical assets has increased by $160.5 million in 2007, to a balance of $1,565.6 million.

Reserve Fund

The City maintains a City Council approved policy which directs the establishment and processes with respect to reserves. Initial establishment of reserves, as well as transfers to and from reserves, requires the approval of City Council through the annual budget approval process. The Reserve Fund also includes reserves of the Edmonton Public Library, as approved by the Edmonton Public Library Board.

During 2006, a review of reserve balances and related policies was completed to ensure they continue to support the financial goals and serve the highest priority needs of the City and its citizens. City Council approved certain changes, including the implementation of a cap for the Financial Stabilization Reserve (FSR). The policy and balances are monitored on an ongoing basis with the next formal review planned for 2009.

Financial Stabilization Reserve
(millions of $)



As at December 31, 2007, a consolidated amount of $214.7 million has been designated to fund future operating or capital purposes. The balance is increased from the level of the prior year by $17.7 million or 9.0 per cent.

Of the overall reserve fund balance, an amount of $84.0 million is held within the FSR. The FSR was established in 1997 to provide flexibility in addressing financial risks associated with revenue instability and unforeseen costs, and to ensure the orderly provision of services to citizens. The operating surplus for tax-levy operations is transferred to the FSR annually. As per policy, a target balance of 7.0 per cent of general government operating expenditures to a maximum balance of $85.0 million has been established for the FSR. Any FSR balance in excess of the reserve target level is applied evenly to the three subsequent years' operating budgets or to significant one-time operating or capital needs. A transfer of $35.1 million of 2007 tax-levy surplus will be made to the reserve in 2008, surpassing the maximum balance. The excess balance over the cap will be allocated by City Council; $34.1 million has been approved to finance operating and capital expenditures in 2008.

FINANCIAL CONTROL AND ACCOUNTABILITY

The City maintains the following processes to ensure appropriate financial controls and accountability are maintained within the organization and to take a proactive approach to identify and address financial challenges.

Accounting Process

The City of Edmonton is organized into various business areas, each responsible for managing the delivery of program services in accordance with the resources allocated to those programs. The City utilizes a shared services model for finance services. All business areas reporting to the City Manager share a common accounting and reporting system, and financial and accounting services are administered within Finance and delivered to each business area based on their needs.

Edmonton Public Library, Edmonton Police Services, Non-Profit Housing, and Taxi Cab Commission utilize the common accounting system but report through their Board or Commission. EPCOR and Edmonton Economic Development Corporation (EEDC) have independent accounting systems and report through their Boards.

Auditing Process

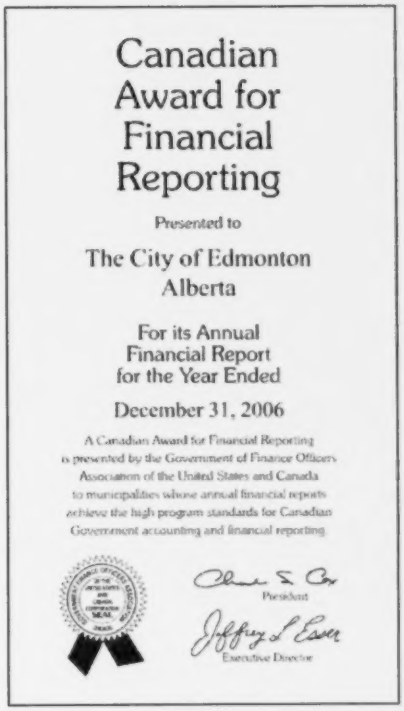
The MGA requires municipal councils to appoint an independent auditor. In 2004, City Council appointed the firm of Deloitte & Touche LLP, Chartered Accountants, as external auditor for a five-year term. The auditor must report to City Council on the annual consolidated financial statements and the provincial financial information return of the municipality. In order to complete the consolidated audit of the City of Edmonton, the auditor must place reliance on the work of other auditors for each of EEDC, EPCOR, and Non-Profit Housing.

An Audit Committee has been established as a Committee of Council. The City also has an internal audit function. The Office of the City Auditor is independent of the City Administration and reports directly to City Council through Audit Committee. The Office is empowered by Bylaw 12424, City Auditor. This bylaw establishes the position of City Auditor and delegates powers, duties, and functions to this position. The City Auditor has two roles:

- Agent of Change Role – to conduct proactive and forward looking projects based on the provision of strategic, risk and control related consulting services to better serve the changing needs of the corporation and bring about improvement in program performance; and

- Guardian Role – to conduct projects directed primarily towards providing assurance through review of existing operations, typically focusing on compliance, efficiency, effectiveness, economy and controls.

RECOGNITION FOR ACHIEVEMENTS



Canadian Award for Financial Reporting

Presented to

The City of Edmonton
Alberta

For its Annual
Financial Report
for the Year Ended

December 31, 2006

A Canadian Award for Financial Reporting is presented by the Government of Finance Officers Association of the United States and Canada to municipalities whose annual financial reports achieve the high program standards for Canadian Government accounting and financial reporting.

President

Executive Director

The City of Edmonton has once again been recognized with a number of awards in the financial area, attesting to the ongoing standard of quality and achievement.

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a **Canadian Award for Financial Reporting** to the City of Edmonton for its annual financial report for the fiscal year ended December 31, 2006. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. This is the fourteenth consecutive year that the City of Edmonton has received this award. We believe this Annual Report continues to conform to the Canadian Award for Financial Reporting program requirements and we will be submitting it to the GFOA for consideration.

The City of Edmonton also received the 2007 **Distinguished Budget Presentation Award** from the Government Finance Officer's Association of the United States and Canada, for the tenth straight year. The award represents a significant achievement and reflects the commitment of City Council and administration to meeting the highest principles of governmental budgeting. Edmonton has satisfied nationally recognized guidelines for effective budget presentation, designed to assess how well the budget serves as a policy document, a financial document, an operations guide and a communication device.

For the eighth consecutive year, an **Achievement of Excellence in Procurement Award** was presented to the City of Edmonton from the National Purchasing Institute. This prestigious international award recognizes excellence in public procurement, measuring the innovation, professionalism, productivity and leadership attributes of public sector organizations.

2008 BUDGET

City Council approved the 2008 operating budget in December 2007. The 2007/2008 capital budget was approved in December 2006 with supplementary adjustments in July 2007 and in April 2008. The Bylaw for the 2008 municipal tax increase of 7.5% will be finalized by City Council in April/May, 2008 once the provincial education bill is received by the City.

The 2008 operating budget addresses increased levels of service required by Edmonton's growing population in the areas of fire, police, waste management and transit. Additionally, the operating budget provides increased funding for recreational facilities, neighbourhood development, parks, the Edmonton Arts Council, and seniors' centres. Council also approved an additional $12.0 million for improved snow clearing.

The 2008 budget includes selected increases in user fees for various municipal services, including sewer and drainage fees, transit fares, ambulance fees, various parks and recreation fees and licensing fees.

FUTURE CHANGES TO ACCOUNTING AND REPORTING

Changes to financial accounting and reporting are on the horizon for Canadian local governments, to be implemented by 2009. The PSAB has approved new requirements to move to a full accrual basis of accounting. One of the more significant impacts to the City will be the requirement to report all tangible capital assets and to provide for amortization over the expected asset useful lives. Consistent with PSAB guidelines, disclosure of the status of the conversion to the new reporting treatment for tangible capital assets is outlined in Note 22 to the consolidated financial statements.

A new Project and Contract Management application was implemented in late 2007 to provide enhanced accounting, reporting and project management capabilities for capital projects. Information from the project and contract management module within the integrated system will form the basis for the costs of tangible capital assets in the future state.

LONG-TERM SUSTAINABILITY

In 2007, the Province of Alberta announced the Municipal Sustainability Initiative (MSI) to provide capital funding to municipalities over the 10 year period 2007/08 – 2016/17. MSI funding is provided to assist municipalities in meeting growth-related infrastructure challenges and enhancing long-term sustainability. MSI grants to the City of Edmonton will total $2.1 billion over the 10 year term.

In response to ongoing requests for stable, long-term funding, the Federal Government's Budget 2008 announced that the Gas Tax Fund will be an ongoing source of funds for municipalities. This ensures the designated use of this funding as a source of debt financing for the South LRT expansion project.

These two grant programs are significant and will help move the City of Edmonton steps closer in meeting the City's long-term infrastructure requirements. Work is currently underway to develop 10 to 30 Year Capital Plans to find ways to narrow the infrastructure shortfall. Identifying and prioritizing the long-term capital requirements for both growth and renewal of existing infrastructure, as well as current and future financial resources, is the next important step toward a sustainable future.

CONCLUSION

In 2007, Standard & Poors rating of the City of Edmonton remained the same at AA+/Positive. DBRS have confirmed their rating as AA (high). The positive ratings acknowledge the consistently good fiscal management and results, the strong liquidity position, the low level of tax-supported debt and the solid economy with a positive outlook.

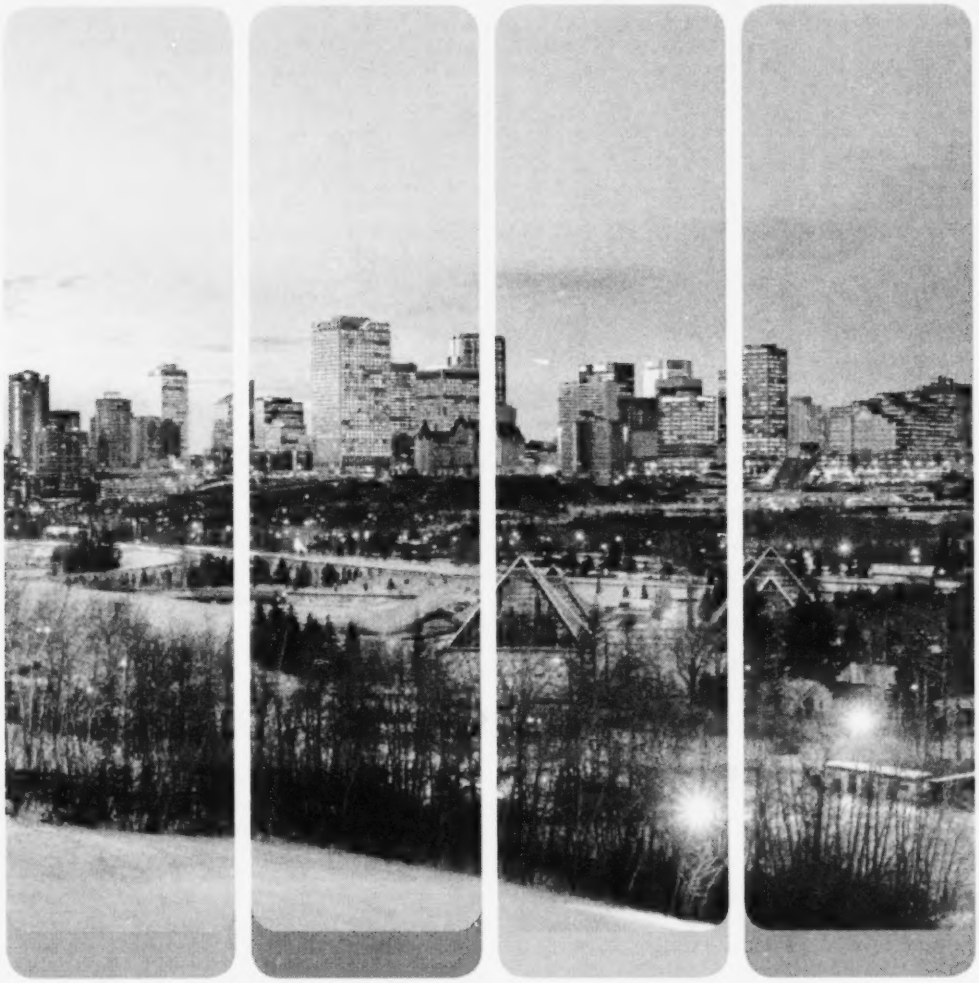
Continued strong economic growth and population increases across the Edmonton metropolitan region are forecast. The City is challenged to maintain existing services as well as to address the service and infrastructure needs associated with the significant growth internally and as the major centre for the region. Efforts are ongoing in determining a regional approach to address the challenges. Programs and services are continually reviewed to identify internal efficiencies and opportunities. Additional funding announced from the provincial and federal orders of government will enhance the City's ability to implement the necessary strategies to shape the future.

Roger Rosychuk, MBA
Finance Branch Manager

March 28, 2008

FINANCIAL INFORMATION

2007 Annual Report City of Edmonton, Alberta, Canada



MANAGEMENT'S REPORT

Management of the City of Edmonton is responsible for the integrity of the accompanying consolidated financial statements and all other information within this Annual Report. The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants. The preparation of the consolidated financial statements necessarily includes some amounts which are based on the best estimates and judgments of management. Financial data elsewhere in the Annual Report is consistent with that of the consolidated financial statements.

To assist in meeting its responsibility, management maintains accounting, budget and other internal controls, as well as an internal audit function. These controls provide reasonable assurance that transactions are appropriately authorized and accurately recorded, and that assets are properly accounted for and safeguarded, in order that the integrity of financial records is maintained.

The consolidated financial statements have been audited by the independent firm of Deloitte & Touche LLP, Chartered Accountants. Their report to the Mayor and City Council, stating the scope of their examination and opinion on the consolidated financial statements, follows.

Al Maurer, P.Eng.
City Manager

Roger Rosychuk, MBA
Finance Branch Manager

March 28, 2008

AUDITORS' REPORT

To His Worship the Mayor and Members of Council
The City of Edmonton

We have audited the consolidated statement of financial position of the City of Edmonton as at December 31, 2007, and the consolidated statements of financial activities and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of Edmonton as at December 31, 2007, and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

March 28, 2008

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2007 (in thousands of dollars)

	2007	2006
Financial Assets		
Cash and temporary investments (Note 2)	$ 435,863	$ 341,595
Receivables:		
Taxes receivable	27,914	25,268
Trade and other receivables	98,269	75,857
Land for resale	59,438	38,829
Investments (Note 3)	1,509,389	1,416,247
Other assets (Note 4)	37,567	38,357
Investment in subsidiaries (Note 17)	2,367,965	2,243,393
	4,536,405	4,179,546
Liabilities		
Accounts payable and accrued liabilities	363,786	280,589
Deposits	19,637	14,166
Deferred revenue (Note 6)	344,546	314,826
Employee benefit obligations (Note 7)	103,595	94,698
Landfill closure and post-closure care (Note 8)	18,178	17,606
Long-term debt (Note 9)	758,873	544,035
	1,608,615	1,265,920
Net Financial Assets	2,927,790	2,913,626
Physical assets (Note 5)	2,324,427	1,949,127
Net Assets	$ 5,252,217	$ 4,862,753
Municipal Position		
Fund balances:		
Operating fund (Schedule 1)	$ 3,314,271	$ 3,107,078
Capital fund (Schedule 2)	157,665	153,592
Reserve fund (Schedule 3)	214,727	196,991
	3,686,663	3,457,661
Equity in physical assets	1,565,554	1,405,092
Total Municipal Position	$ 5,252,217	$ 4,862,753

Commitments and contingent liabilities (Notes 19 and 20)
See accompanying notes to consolidated financial statements.

Approved by:

Al Maurer, P.Eng.
City Manager

Roger Rosychuk, MBA
Finance Branch Manager

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2007 (in thousands of dollars)

	Budget (unaudited)	2007	2006
Revenues			
Net taxes available for municipal purposes (Note 13)	$ 678,981	**$ 683,746**	$ 617,909
User fees and sale of goods and services	384,375	**468,188**	392,881
Subsidiary operations (Note 17)	204,530	**313,110**	612,651
Government transfers (Note 14)	471,454	**405,582**	193,071
Investment earnings	68,172	**116,658**	103,546
Franchise fees	69,079	**68,599**	65,011
Developer and customer contributions	110,951	**98,309**	114,532
Fines and penalties	38,408	**39,675**	36,951
Licenses and permits	42,098	**44,517**	36,379
	2,068,048	**2,238,384**	2,172,931
Expenditures (Note 16)			
Protective services:			
Police and bylaw enforcement	245,518	**232,636**	217,342
Emergency response	154,337	**153,725**	135,017
	399,855	**386,361**	352,359
Transportation services:			
Bus and light rail transit	455,022	**443,542**	241,114
Roadway and parking	408,618	**351,699**	249,851
	863,640	**795,241**	490,965
Community services:			
Parks and recreation	167,277	**146,902**	107,474
Community and family	38,200	**34,999**	33,169
Edmonton Public Library	46,796	**40,726**	37,216
Planning	27,426	**24,221**	20,613
Convention and tourism	40,447	**40,723**	27,633
Grants	35,565	**25,281**	29,227
Public housing	7,066	**7,191**	6,185
	362,777	**320,043**	261,517
Utility and enterprise services:			
Drainage services	294,763	**252,283**	238,845
Mobile equipment	113,072	**85,274**	45,068
Land	45,716	**23,462**	25,093
	453,551	**361,019**	309,006
Waste management	91,292	**76,336**	69,740
Corporate administration	220,679	**169,250**	145,133
General municipal	52,465	**52,217**	58,176
Tax appeals and allowances	7,793	**2,171**	5,996
Pension adjustments		**644**	1,145
	2,452,052	**2,163,282**	1,694,037
Excess (deficiency) of revenues over expenditures	(384,004)	**75,102**	478,894
Debenture borrowings	280,562	**246,757**	102,255
Debt repayment	(28,494)	**(31,919)**	(28,520)
Subsidiary operations – Net comprehensive loss adjustment (Note 17a)		**(60,938)**	(2,427)
Change in fund balances	$ (131,936)	**$ 229,002**	$ 550,202

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended December 31, 2007 (in thousands of dollars)

	2007	2006
Cash provided by (used in):		
Operating Activities		
Excess of revenues over expenditures	**$ 75,102**	$ 478,894
Deduct items not affecting cash:		
Subsidiary operations	**(313,110)**	(612,651)
Change in non-cash items:		
Taxes receivable	**(2,646)**	1,523
Trade and other receivables	**(22,412)**	7,796
Land for resale	**(20,609)**	(3,051)
Other assets	**790**	1,161
Accounts payable and accrued liabilities	**83,197**	50,200
Deposits	**5,471**	2,962
Deferred revenue	**29,720**	114,287
Employee benefit obligations	**8,897**	6,017
Landfill closure and post-closure care	**572**	998
Cash from operations	**(155,028)**	48,136
Investing Activities		
Net increase in investments	**(93,142)**	(89,959)
Dividend from subsidiary	**127,600**	125,100
Cash from investing	**34,458**	35,141
Financing Activities		
Debenture borrowings	**246,757**	102,255
Repayment of long-term debt	**(31,919)**	(28,520)
Cash from financing	**214,838**	73,735
Increase in cash position	**94,268**	157,012
Cash, beginning of year	**341,595**	184,583
Cash, end of year	**$ 435,863**	$ 341,595

Cash is represented by cash and temporary investments (Note 2).
See accompanying notes to consolidated financial statements.

SCHEDULE 1 - OPERATING FUND

For the year ended December 31, 2007 (in thousands of dollars)

	Budget (unaudited)	2007	2006
Revenues			
Net taxes available for municipal purposes (Note 13)	$ 678,981	**$ 683,746**	$ 617,909
User fees and sale of goods and services	384,375	**466,798**	391,188
Subsidiary operations (Note 17)	204,530	**313,110**	612,651
Government transfers (Note 14)	49,576	**58,950**	54,219
Investment earnings	68,172	**116,658**	103,546
Franchise fees	69,079	**68,599**	65,011
Developer and customer contributions		**665**	461
Fines and penalties	38,408	**39,675**	36,951
Licenses and permits	42,098	**44,517**	36,379
	1,535,219	**1,792,718**	1,918,315
Expenditures (Note 16)			
Protective services:			
Police and bylaw enforcement	233,582	**228,093**	210,317
Emergency response	151,826	**151,220**	132,584
	385,408	**379,313**	342,901
Transportation services:			
Bus and light rail transit	189,862	**196,249**	173,733
Roadway and parking	122,997	**126,434**	118,701
	312,859	**322,683**	292,434
Community services:			
Parks and recreation	92,366	**93,874**	85,305
Community and family	38,200	**34,999**	33,169
Edmonton Public Library	33,191	**33,495**	32,009
Planning	24,700	**23,491**	19,610
Convention and tourism	25,198	**28,201**	24,212
Grants	35,565	**25,281**	29,227
Public housing	7,066	**7,191**	6,185
	256,286	**246,532**	229,717
Utility and enterprise services:			
Drainage services	74,373	**77,788**	62,441
Mobile equipment	23,894	**14,184**	11,878
Land	16,192	**15,442**	14,458
	114,459	**107,414**	88,777
Waste management	65,686	**66,402**	60,469
Corporate administration	117,488	**115,136**	98,594
General municipal	52,465	**52,217**	58,176
Tax appeals and allowances	7,793	**2,171**	5,996
Pension adjustments		**644**	1,145
	1,312,444	**1,292,512**	1,178,209
Excess of revenues over expenditures	222,775	**500,206**	740,106
Net interfund transfers:			
To capital fund	(195,781)	**(163,941)**	(167,433)
To reserve fund	(50)	**(36,215)**	(45,634)
Debt repayment	(28,494)	**(31,919)**	(28,520)
Subsidiary operations – Net comprehensive loss adjustment (Note 17a)		**(60,938)**	(2,427)
Change in fund balance	(1,550)	**207,193**	496,092
Opening balance	3,107,078	**3,107,078**	2,610,986
Closing balance (Note 10)	$ 3,105,528	**$ 3,314,271**	$ 3,107,078

See accompanying notes to consolidated financial statements.

SCHEDULE 2 - CAPITAL FUND

For the year ended December 31, 2007 (in thousands of dollars)

	Budget (unaudited)	2007	2006
Revenues			
Government transfers (Note 14)	$ 421,878	**$ 346,632**	$ 138,852
Developer and customer contributions	110,951	**97,644**	114,071
Other		**1,390**	1,693
	532,829	**445,666**	254,616
Expenditures (Note 16)			
Protective services:			
Police and bylaw enforcement	11,936	**4,543**	7,025
Emergency response	2,511	**2,505**	2,433
	14,447	**7,048**	9,458
Transportation services:			
Bus and light rail transit	265,160	**247,293**	67,381
Roadway and parking	285,621	**225,265**	131,150
	550,781	**472,558**	198,531
Community services:			
Parks and recreation	74,911	**53,028**	22,169
Edmonton Public Library	13,605	**7,231**	5,207
Planning	2,726	**730**	1,003
Convention and tourism	15,249	**12,522**	3,421
	106,491	**73,511**	31,800
Utility and enterprise services:			
Drainage services	220,390	**174,495**	176,404
Mobile equipment	89,178	**71,090**	33,190
Land	29,524	**8,020**	10,635
	339,092	**253,605**	220,229
Waste management	25,606	**9,934**	9,271
Corporate administration	103,191	**54,114**	46,539
	1,139,608	**870,770**	515,828
Excess of expenditures over revenues	606,779	**425,104**	261,212
Net interfund transfers:			
From operating fund	195,781	**163,941**	167,433
From reserve fund	34,775	**18,479**	84
Debenture borrowings	280,562	**246,757**	102,255
	511,118	**429,177**	269,772
Change in fund balance	(95,661)	**4,073**	8,560
Opening balance	153,592	**153,592**	145,032
Closing balance (Note 11)	$ 57,931	**$ 157,665**	$ 153,592

See accompanying notes to consolidated financial statements.

SCHEDULE 3 - RESERVE FUND

For the year ended December 31, 2007 (in thousands of dollars)

	Budget (unaudited)	2007	2006
Opening balance	$ 196,991	**$ 196,991**	$ 151,441
Add (deduct):			
Transfer from operating fund	16,845	**47,478**	58,859
Transfer to operating fund	(16,795)	**(11,263)**	(13,225)
Net transfer from operating fund	50	**36,215**	45,634
Transfer from capital fund		**5,566**	7,336
Transfer to capital fund	(34,775)	**(24,045)**	(7,420)
Net transfer to capital fund	(34,775)	**(18,479)**	(84)
Change in fund balance	(34,725)	**17,736**	45,550
Closing balance (Note 12)	$ 162,266	**$ 214,727**	$ 196,991

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007 (in thousands of dollars)

The City of Edmonton (the City) is a municipality in the Province of Alberta, Canada and operates under the provisions of the *Municipal Government Act*, R.S.A., 2000, c. M-26, as amended (MGA).

1. Significant Accounting Policies

The consolidated financial statements ("the financial statements") of the City are prepared by management in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA). Significant aspects of the accounting policies adopted by the City are as follows:

a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues, expenditures, and changes in fund balances and financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. In addition to general government tax-supported operations, they include the following:

Drainage Services Utility (Sanitary Drainage Services and Land Drainage Services)
Land Enterprise
Mobile Equipment Services
Ed Tel Endowment Fund
The Edmonton Public Library
Edmonton Economic Development Corporation
Taxi Cab Commission

Interdepartmental and inter-organizational transactions are eliminated.

Certain subsidiary corporations are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises (Note 17). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. In accordance with Public Sector Accounting Guideline 6 (PSG-6), other comprehensive income (loss) due to fair value adjustments is reported on the Statement of Financial Activities as Subsidiary operating-Net comprehensive gain (loss) adjustment. The accumulated other comprehensive gain (loss) reduces the Investment in subsidiaries and Operating fund balance (Note 10). Subsidiary corporations accounted for in this manner are:

EPCOR Utilities Inc.
The City of Edmonton Non-Profit Housing Corporation

The financial statements exclude trust assets under administration for the benefit of external parties (Note 21).

b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Property tax revenue is based on market value assessments determined in accordance with the MGA. Tax mill rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal. A provision has been recorded in accounts payable and accrued liabilities for potential losses on assessment

appeals outstanding as of December 31, 2007. Expenditures related to tax appeals and allowances are separately disclosed in the consolidated statement of financial activities.

Government transfers to the City are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Prior to that time, any amounts received, along with restricted interest thereon is recorded as deferred revenue.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

Authorized government transfers from the City are recorded as expenditures when eligibility criteria have been met by the recipient and the amount can be reasonably estimated.

Budget information, as approved by City Council, is reported on an accrual basis, consistent with principles applied in the consolidated financial statements.

c) Fund Accounting

Funds within the financial statements consist of the operating, capital, and reserve funds. Transactions between funds are recorded as interfund transfers.

d) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

Administration has used estimates to determine employee benefit obligations, pension obligations relating to City-sponsored pension plans, landfill closure and post-closure care obligations, accrued liabilities and capital asset useful lives as well as provisions made for allowances for amounts receivable.

e) Foreign Currency

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at December 31 and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenditures are translated at rates in effect at the time of the transactions or at rates of exchange established by the terms of the forward foreign exchange contract. Gains (losses) on foreign currency translation are included as revenues (expenditures).

f) Land for Resale

Land for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

g) Investments

Fixed income investments are recorded at amortized cost less amounts written off to reflect a permanent decline in value. Purchase premiums and discounts are amortized on the present value basis over the terms of the issues.

Investments in common and preferred shares are recorded at cost, or at cost less amounts written off to reflect a permanent decline in value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007 (in thousands of dollars)

h) Physical Assets

Physical assets, comprised of inventories of materials and supplies, land for future municipal purposes, local improvements, and capital assets are recognized as expenditures in the period they are acquired.

Inventories of materials and supplies are valued at the lower of average cost and replacement cost.

Land for future municipal purposes is valued at cost.

Local improvements are authorized by property owners as set out within the MGA and are undertaken by the City. The construction and borrowing costs are recovered through annual local improvement assessments during the period of the related borrowings.

Capital assets employed in general government tax-supported operations are carried on the Statement of Financial Position at cost net of financing provided from capital fund revenues, the reserve fund, and the operating fund. Tax-supported capital assets financed by debentures are carried at an amount equivalent to the debenture and are amortized at a rate equivalent to the principal repayment.

Capital assets employed in other operations are carried at cost, and the related financing from capital fund revenues, the reserve fund, and the operating fund is recorded as equity in physical assets. Capital assets are amortized over their estimated useful lives.

Accounting and reporting for capital assets will change effective 2009. See also Note 22.

i) Operating Fund

The operating fund balance represents the amounts available to offset future operational revenue requirements.

j) Capital Fund

The capital fund balance represents the amounts available to finance future capital projects.

k) Reserve Fund

Certain amounts, as approved by City Council, are set aside in reserves for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the respective fund.

l) Equity in Physical Assets

Equity in physical assets represents the investment in physical assets, after deducting the portion financed by long-term debt.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007 (in thousands of dollars)

2. Cash and Temporary Investments

	2007	2006
Cash	$ **4,441**	$ 5,564
Temporary investments	**445,231**	364,924
Cheques outstanding in excess of deposits	**(13,809)**	(28,893)
	$ **435,863**	$ 341,595

Temporary investments consist of bankers' acceptances, treasury bills and commercial paper, at cost, which approximates market. Temporary investments have effective rates of 4.7 to 5.1 per cent (2006 – 4.2 to 4.5 per cent) and mature in less than one year.

Temporary investments are capable of reasonably prompt liquidation and may be used to manage the City's cash position throughout the year.

3. Investments

	Cost		Market Value	
	2007	2006	**2007**	2006
Cash	$ **391**	$ 79	$ **391**	$ 79
Amounts receivable - net	**3,931**	2,778	**3,931**	2,778
Fixed income:				
Short-term notes and deposits	**6,217**	21,511	**6,292**	21,470
Government and government guaranteed bonds	**598,667**	582,034	**595,472**	579,277
Corporate bonds and debentures	**349,634**	294,952	**340,721**	292,873
	954,518	898,497	**942,485**	893,620
Common and preferred shares:				
Canadian	**254,960**	246,642	**291,449**	297,841
International	**295,570**	268,232	**277,681**	304,794
	550,530	514,874	**569,130**	602,635
Other investments	**19**	19	**19**	19
	$ **1,509,389**	$ 1,416,247	$ **1,515,956**	$ 1,499,131

Short-term notes and deposits have effective interest rates of 3.5 to 4.2 per cent (2006 – 4.1 to 4.4 per cent) and mature in less than one year. Government and corporate bonds and debentures have effective interest rates of 3.7 to 8.7 per cent (2006 – 4.0 to 6.3 per cent) with maturity dates from February 22, 2008 to July 4, 2047 (2006 – February 15, 2007 to January 3, 2047).

Investments with a cost of $689,927 (2006 – $662,901) and market value of $698,820 (2006 – $726,830) are managed within the Ed Tel Endowment Fund, in accordance with City Bylaw 11713. An annual appropriation from the earnings of the Fund is withdrawn to support municipal operations, based upon a spending formula set out in the Bylaw. Any amendment to the Bylaw requires advertisement and a public hearing.

The cost of certain fixed income investments and international shares exceeds market value as at December 31, 2007. Given the current volatility in the investment market place, management is monitoring the situation, but is of the opinion that the loss in value is a temporary decline.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007 (in thousands of dollars)

4. Other Assets

	2007	2006
Prepaid expenses – operational	**$ 5,788**	$ 5,934
Pension net fund asset (Note 18)	**31,779**	32,423
	$ 37,567	$ 38,357

5. Physical Assets

	Cost	Accumulated Depreciation	2007 Net Book Value	2006 Net Book Value
Inventories of materials and supplies	$ 23,105	$	**$ 23,105**	$ 18,811
Land for future municipal purposes	36,016		**36,016**	28,353
Local improvements	77,285	15,318	**61,967**	53,693
Capital assets:				
Sanitary Drainage Services	1,126,650	224,090	**902,560**	803,029
Land Drainage Services	915,672	285,892	**629,780**	586,180
	2,042,322	509,982	**1,532,340**	1,389,209
Engineering structures	365,460	32,176	**333,284**	195,341
Land	3,701		**3,701**	1,424
Buildings	117,482	35,860	**81,622**	60,775
Vehicles	324,193	97,269	**226,924**	179,428
Machinery and equipment	54,056	28,588	**25,468**	22,093
	2,907,214	703,875	**2,203,339**	1,848,270
	$ 3,043,620	$ 719,193	**$ 2,324,427**	$ 1,949,127

6. Deferred Revenue

Deferred revenue is comprised of the funds noted below, the use of which are externally restricted. These funds are recognized as revenue in the period they are used for the purpose specified. Certain deferred revenues relate to government transfers as further described in Note 14.

	2007	2006
Operating	**$ 64,154**	$ 20,856
Capital:		
Alberta Municipal Infrastructure Program (AMIP)	**194,461**	227,852
Transportation fuel rebate – Provincial	**38,194**	53,838
Transportation fuel rebate – Federal	**23,726**	
Innovation and Science grant	**15,112**	
North/South Trade Highway grant	**7,493**	9,836
Other	**1,406**	2,444
	280,392	293,970
	$ 344,546	$ 314,826

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007 (in thousands of dollars)

7. Employee Benefit Obligations

	2007	2006
Accrued vacation	$ 57,631	$ 53,701
Post-employment benefits	14,499	11,848
Income replacement plan	11,688	13,105
Banked overtime	8,314	7,681
Group life plan	3,902	3,339
Major medical and dental plans	3,699	3,248
Health care spending	2,599	609
Supplementary management retirement plan	724	628
Other	539	539
	$ 103,595	$ 94,698

Post-employment benefits represent the City's cost, including the continuation of benefits for employees on long-term disability, and the City's share of pensioners' eligible medical, dental and other obligations.

In order to measure the post-employment obligation, an actuarial valuation was completed by the actuaries of Aon Consulting Inc. regarding the continuation of benefit coverage while eligible employees are on long-term disability. The discount rate used in the valuation is 5.5 per cent (2006 – 5.0 per cent). The accrued benefit obligation as at December 31, 2007 is $11,765 (2006 – $10,008). Total benefit plan related expense was $3,423 (2006 – $2,932) and was comprised of current service cost of $2,480 (2006 – $1,892), amortization of actuarial loss of $369 (2006 – $466) and interest cost on the accrued benefit obligation of $574 (2006 – $574). Benefits paid during the year were $1,995 (2006 – $1,595). The net unamortized actuarial loss was $2,913 (2006 – $2,584), to be amortized over the expected average remaining service period of disabled employees of 6 years (2006 – 7 years).

Eligible post-employment medical and dental obligations are estimated based on a five year average of pensioners' claim costs in excess of contributions until the pensioners reach age 65. Eligible medical obligations for 2007 were $1,507 (2006 – $1,307). Eligible dental obligations for 2007 were $244 (2006 – $164). Other post-employment benefits were $983 (2006 – $369).

The income replacement plan was a disability plan partially funded by employees, which was discontinued in April 1991. The outstanding obligation will be paid to employees in accordance with the terms and conditions of the plan. The obligation is based on an actuarial valuation as at December 31, 2007, completed by the actuaries of Aon Consulting Inc.

A Group Life Insurance Plan is provided by the City, funded equally by employer and employees. The Plan is administered by Great West Life.

The City sponsors certain employee benefit plans, which are funded through employee and/or employer contributions. Premium contributions, interest earnings, payments for benefit entitlements, and administrative costs are applied to each of the respective plans.

As of January 1, 2007, a Health Care Spending account came into effect for most permanent employees. These employees receive reimbursement of up to $0.5 per year for eligible expenses not covered under the Supplementary Health Care and Dental Plans. Amounts not used in the current year can be carried forward for one year, an estimate of which has been included in 2007 expenditures.

A Supplementary Management Retirement Plan for designated management employees was implemented effective for service beginning January 1, 2003. The liability for total current and past service costs of $724 (2006 – $628) has been based upon an actuarial valuation completed by Aon Consulting Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007 (in thousands of dollars)

8. Landfill Closure and Post-closure Care

Under legislation, the City has a liability for closure and post-closure care costs for its landfill. $18,178 (2006 – $17,606) of the estimated total landfill closure and post-closure care expenditures of $18,703 (2006 – $18,602) has been accrued at December 31, 2007. The estimated liability for these expenditures is recognized as the landfill site's capacity is used and the reported liability represents the portion of the estimated total expenditures recognized as at December 31, 2007, based on the cumulative capacity used at that date, compared to the total estimated landfill capacity. Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities, applying a discount rate at the City's average long-term borrowing rate of 5.2 per cent (2006 – 5.1 per cent), and an inflation rate of 2.5 per cent.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 40 year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and will be recognized prospectively, as a change in estimate, when applicable.

The estimated remaining capacity of the landfill site is 2.8 per cent of its total estimated capacity and its estimated remaining life is 2 years, after which the period for post-closure care is estimated to be 25 years.

9. Long-term Debt

a) Debt payable

Debt payable, issued in the name of the City, includes the following amounts:

	2007	2006
Debentures	$ 1,539,181	$ 1,390,768
Mortgages	12,151	12,492
	1,551,332	1,403,260
Less debt attributed to and secured by offsetting amounts receivable from:		
EPCOR Utilities Inc.	242,407	309,038
Edmonton Northlands	2,512	2,625
Sinking Fund assets	547,540	547,562
	758,873	544,035
Long-term debt is comprised of:		
Self-liquidating debt	429,330	396,534
Tax-supported debt	329,543	147,501
	$ 758,873	$ 544,035

The amount receivable from EPCOR Utilities Inc. relates to debentures issued in the name of the City on behalf of EPCOR Utilities Inc. and has the same repayment terms as the respective debt.

Outstanding debentures of $750,000 are secured by Sinking Fund assets with a carrying value of $547,540 (market value – $553,194) and required earnings of 5.0 per cent (2006 – 5.0 per cent). These assets are comprised of short-term notes and deposits, government and government guaranteed bonds and corporate bonds and debentures. Government and government guaranteed bonds include debentures of The City of Edmonton with a carrying value of $59,808 (market value – $62,998).

Short-term notes and deposits have an effective interest rate of 3.8 per cent (2006 – 4.3 per cent) and mature in less than one year. Government and corporate bonds and debentures have effective interest rates of 3.8 to 6.3 per cent (2006 – 4.2 to 5.5 per cent) with maturity dates from February 15, 2008 to March 26, 2037 (2006 – February 15, 2008 to December 31, 2036).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007 (in thousands of dollars)

Principal payments on long-term debt for the next five years are as follows:

	2008	2009	2010	2011	2012
Self-liquidating debt	$ 53,777	$ 46,937	$ 39,444	$ 34,570	$ 31,692
Tax-supported debt	15,214	15,921	15,653	15,927	15,948
	68,991	62,858	55,097	50,497	47,640
Less:					
Payments on offsetting amounts receivable	8,247	6,045	5,003	2,403	1,821
Sinking Fund principal	22,517	18,145	13,609	11,341	9,073
	$ 38,227	$ 38,668	$ 36,485	$ 36,753	$ 36,746

Payments on offsetting amounts receivable and Sinking Fund principal amounts relate to self-liquidating debt. The above amounts do not include annual Sinking Fund required earnings.

b) Debt and debt service limits

A Regulation under section 271 of the MGA requires that debt, debt limit and debt service (principal and interest payments) limit be disclosed. The debt limit, as defined in the Regulation, is two times revenue net of capital government transfers. The debt service limit is calculated at 0.35 times of the same revenue. Incurring debt beyond these limits requires approval by the provincial Minister of Municipal Affairs and Housing.

The City's position with respect to the debt and debt service limits is as follows:

	2007	2006
Total debt limit	**$ 3,157,284**	$ 2,842,856
Total debt per Regulation	**761,402**	546,877
Percentage used (%)	**24.12**	19.24
Total debt service limit per Regulation	**$ 552,525**	$ 497,500
Total debt service	**77,595**	60,280
Percentage used (%)	**14.04**	12.12

c) Maturities and interest rates

Existing long-term debt matures in annual amounts to the year 2032 and debenture interest is payable, before provincial subsidy, at rates ranging from 3.2 to 12.0 per cent (2006 – 3.2 to 12.0 per cent). The average annual interest rate is 5.2 per cent for 2007 (2006 – 5.5 per cent) before rebate. The Province rebates 60 per cent of interest in excess of 8 per cent, 9 per cent, and 11 per cent for qualifying debt issues. The Province pays the interest for the first five years for qualifying debt issues related to energy conservation, through the ME *first*! program.

d) Interest on long-term debt

	2007	2006
Self-liquidating debt	**$ 102,162**	$ 108,044
Tax-supported debt	**10,107**	5,416
	112,269	113,460
Less payments on offsetting amounts receivable	**79,392**	85,939
Long-term debt interest included in interest and bank charges (Note 16)	**$ 32,877**	$ 27,521

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007 (in thousands of dollars)

10. Operating Fund

	2006	Excess (Deficiency) of Revenues over Expenditures	Transfers and Debt Repayment	2007
General Government:				
Operations	$ 17,032	$ 32,484	$ (11,761)	**$ 37,755**
Pension	32,423	(644)		**31,779**
Excess earnings on Sinking Fund	30,257	(89)	(1,200)	**28,968**
Drainage Services Utility	8,885	54,868	(53,453)	**10,300**
Land Enterprise	67,962	38,692	(3,361)	**103,293**
Mobile Equipment Services	42,182	22,348	(23,374)	**41,156**
Ed Tel Endowment Fund	662,901	35,017	(7,991)	**689,927**
EPCOR Utilities Inc.	2,242,650	313,077	(188,538)	**2,367,189**
Non-Profit Housing Corporation	743	33		**776**
The Edmonton Public Library	749	1,287	(1,092)	**944**
Edmonton Economic Development Corporation	1,201	3,139	(2,243)	**2,097**
Taxi Cab Commission	93	(6)		**87**
	$ 3,107,078	$ 500,206	$ (293,013)	**$ 3,314,271**

The general government operations fund balance includes $2,621 appropriated for future purposes and $35,134 to be transferred to the Financial Stabilization Reserve. Excess earnings of $1,200 of the Sinking Fund is appropriated for future capital expenditures.

11. Capital Fund

The capital fund balance is comprised of the following:

	2007	2006
Financing available:		
Funds for future construction	**$ 127,547**	$ 92,308
Drainage Services Utility capital financing	**94,375**	110,638
	221,922	202,946
Amounts to be financed:		
Land for future municipal purposes	**(36,016)**	(28,348)
Inventories of materials and supplies	**(23,105)**	(18,811)
Other physical assets	**(5,136)**	(2,195)
	(64,257)	(49,354)
	$ 157,665	$ 153,592

Amounts related to inventories of materials and supplies will be financed at the point they are utilized.

Land for future municipal purposes and other physical assets to be financed will be addressed within the City's Capital Priorities Plan (Note 19a).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007 (in thousands of dollars)

12. Reserve Fund

		2007		2006
General Government:				
Financial Stabilization	$	**83,953**	$	79,368
Financial Stabilization – appropriated		**27,469**		32,908
Funds in Lieu – Residential		**18,248**		22,509
Affordable Housing		**15,825**		6,500
Waste Management Rate Stabilization		**14,670**		7,879
Enterprise Portfolio/Commonwealth Stadium		**7,408**		6,151
Parkland Reserve		**6,590**		11,022
Benefit Plan		**5,661**		4,770
Tax-supported Debt		**5,283**		4,165
Other		**5,040**		4,110
South LRT Risk Mitigation Strategy		**4,870**		1,512
Natural Areas		**4,290**		3,122
Perpetual Care		**3,763**		3,648
Self Insurance – Vehicles		**2,500**		2,500
Heritage Resources		**2,492**		1,926
Energy Management		**1,511**		1,681
		209,573		193,771
The Edmonton Public Library		**5,154**		3,220
	$	**214,727**	$	196,991

13. Net Taxes Available for Municipal Purposes

		2007		2006
Taxes:				
Property and business taxes	$	**930,109**	$	850,462
Revenue in lieu of taxes		**23,888**		22,411
Local improvement levies		**9,060**		9,856
Other		**5,508**		5,031
		968,565		887,760
Less taxes on behalf of:				
Education		**282,802**		267,885
Business revitalization zones		**2,017**		1,966
		284,819		269,851
Net taxes available for municipal purposes	$	**683,746**	$	617,909

The City is required to levy taxes under section 353 of the MGA towards the payment of education requisitions. Education tax revenues are recorded at the amounts levied. Actual taxes levied over/under the amount requisitioned are recorded as an adjustment to the trade and other receivables.

An amount of education taxes payable of $1,834 on supplementary levies has been recorded at December 31, 2007 (2006 – $1,740) within accounts payable and accrued liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007 (in thousands of dollars)

14. Government Transfers

The following government transfers have been included in revenues:

	2007	2006
Operating transfers:		
Federal	$ 8,988	$ 2,103
Provincial	49,962	52,116
	58,950	54,219
Capital transfers:		
Federal:		
Shared cost agreements – ICAP		937
Shared cost agreements – other	241	
Grants and entitlements	1,106	
Other agreements	33,898	11,910
Provincial:		
Shared cost agreements – ICAP		937
Shared cost agreements – other	301	29
Grants and entitlements	288,619	1,490
Other agreements	22,467	123,549
	346,632	138,852
	$ 405,582	$ 193,071

In 2005 the Federal government introduced the New Deal for Cities and Communities to assist in reducing the backlog of necessary sustainable capital infrastructure projects that have been deferred. In 2006 the Federal government amended the agreement to provide funding for additional transit projects. In 2007 the City received $54,836 (2006 – $11,889) and recognized $32,606 (2006 – $11,889) as capital government transfers and $23,726 (2006 – nil) including interest of $1,496 as deferred revenue. The City also received and recognized $6,375 (2006 – $1,033) as operating government transfers under the program. The funding was used for the South LRT project and bus fleet facilities and equipment rehabilitation.

The Provincial City Transportation Fund provides annual funding for developing and implementing safe, effective and integrated transportation systems and facilities. In 2007 the City received funding of $89,000 (2006 – $88,000) and has recognized $106,840 (2006 – $71,180) as capital government transfers and $38,194 (2006 – $53,838) as deferred revenue under Transportation Fuel Rebate and $7,493 as deferred revenue for the North/South Trade Highway grant program (Note 6).

The Provincial government introduced the Alberta Municipal Infrastructure Program (AMIP) in 2005 to assist municipalities in addressing capital infrastructure needs. In 2007 the City received a per capita grant of $135,547 (2006 – $135,547), and recognized $178,499 (2006 – $49,490) as government transfers. $194,461 (2006 – $227,852), including interest of $9,561 (2006 – $7,424), of cumulative AMIP transfers has been deferred to future years (Note 6).

In 2007 the Provincial government introduced the Municipality Sustainability Initiative (MSI) program to provide Municipalities with sustainable funding. The City received $49,321 in 2007, of which $14,411 has been recognized as government transfers. $35,051, including interest of $141 has been deferred to future years.

The Provincial government has provided grants under the Alberta Disaster Relief Program for flood damage in 2004, 2005, and 2006. $653 (2006 – $2,286) has been recognized in operating government transfers and $1,404 (2006 – $1,123) in capital government transfers in 2007.

The Provincial government has provided grants under the Centennial Legacies Grants Program. In 2007, $2,811 has been recognized as provincial capital government transfers. The grants and interest have been used for the purposes consistent with clause 1 of the grant agreements.

A grant of up to $29,000 has been approved under the Alberta Innovation and Science program, to provide funding for a solid waste gasification demonstration facility. In 2007 $14,500 was received, which along with interest earnings of $611, has been reported as deferred revenue.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007 (in thousands of dollars)

15. Executive Salaries and Benefits

The following executive salaries and benefits are disclosed as required by Regulations under section 276 of the MGA.

	Salaries	Benefits	**2007**	2006
Mayor	$ 127	$ 30	**$ 157**	$ 146
Councillors (12)	802	213	**1,015**	923
Chief Administrative Officer	309	14	**323**	331
City Assessor	162	20	**182**	137
	$ 1,400	$ 277	**$ 1,677**	$ 1,537

Councillors are each paid a base salary of $66.8. Each receives benefits in the range of $15.5 to $17.1. In the municipal election of October 15, 2007, four Councillors were replaced, resulting in sixteen incumbents to the twelve Councillor positions within 2007.

Benefits include the City's share of all benefits and contributions made on behalf of executives, including retirement contributions, Canada Pension Plan, Employment Insurance, Alberta Health Care, dental coverage, medical coverage, group life insurance, short-term disability insurance, and transportation allowances.

Executive salaries and benefits are included in corporate administration expenditures.

16. Expenditures by Object

	2007	2006
Salaries, wages, and employee benefits	**$ 836,612**	$ 755,325
Contracted and general services	**204,761**	205,895
Materials, goods, supplies, and utilities	**175,893**	140,605
Interest and bank charges	**37,694**	34,356
Other	**37,552**	42,028
Operating (Schedule 1)	**1,292,512**	1,178,209
Capital (Schedule 2)	**870,770**	515,828
	$ 2,163,282	$ 1,694,037

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007 (in thousands of dollars)

17. Subsidiary Operations

a) EPCOR Utilities Inc.

EPCOR Utilities Inc. (EPCOR), established by City Council under City Bylaw 11071, is wholly owned by the City and provides rate-regulated and non-rate-regulated electric utility services, natural gas services, water utility services, and complementary commercial services.

The following table provides condensed supplementary financial information for EPCOR. Consolidated financial statements are contained within EPCOR's annual report and can be obtained by contacting the corporate offices of EPCOR.

	2007	2006
Financial position:		
Current assets	$ 847,848	$ 1,002,392
Capital assets	4,215,673	3,908,096
Other assets	1,498,428	1,472,734
Total assets	6,561,949	6,383,222
Current liabilities (including current portion of long-term debt of $388,127 (2006 – $62,919))	1,374,535	1,034,913
Non-current liabilities	1,068,982	989,924
Long-term debt	1,751,243	2,115,735
Total liabilities	4,194,760	4,140,572
Accumulated other comprehensive loss	(63,365)	(2,427)
Retained earnings	2,430,554	2,245,077
Shareholder's equity	2,367,189	2,242,650
Results of operations:		
Revenues	3,696,625	3,309,149
Expenses	3,419,234	2,676,681
Net income from discontinued operations		9,629
Net income	277,391	642,097
Net refundable tax adjustment and change in accounting policies	35,686	(29,475)
Net income and adjustments	$ 313,077	$ 612,622
Net comprehensive loss adjustment	$ (60,938)	$ (2,427)

In the regulatory environment that EPCOR operates in, estimates are often required to be recorded until values are finalized and adjusted pursuant to subsequent regulatory decisions, or proceedings. Adjustments to previous estimates, which may be material, will be recorded in the period they become known.

In 2007 EPCOR adopted new accounting standards issued by the CICA for Comprehensive Income, Equity, Financial Instruments and Hedges. In accordance with the standards, prior year financial statements were not restated. Net comprehensive gain (loss) is a result of fair value adjustments not included in net income.

At December 31, 2007 EPCOR held $60,000 ($71,000 original cost) in Canadian non-bank sponsored asset backed commercial paper (ABCP) purchased in the third quarter of 2007. The estimate of fair value of ABCP is subject to significant risk. Accordingly the fair value may change materially as events unfold.

On November 1, 2006, EPCOR, through its Power LP subsidiary, acquired 100 per cent of the outstanding shares representing membership interests in Primary Energy Ventures LLC (PEV) in the United States, for a purchase price of $370,400. The results of operations of PEV are included in EPCOR's consolidated results from the date of acquisition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007 (in thousands of dollars)

In 2006, EPCOR finalized an agreement to sell its Battle River Power Purchase Arrangement and its related interest in the Battle River Power Syndicate Agreement to ENMAX Corporation. The sale of 55 per cent took place on June 5, 2006 for $343,300 with the remaining 45 per cent interest to be sold over a four year period for gross proceeds of $224,000. An additional sale of 10 per cent took place on January 1, 2007 for $59,000. Sales of 10 per cent will close in each of 2008 and 2009 with the remaining sale of 15 per cent to take place in 2010.

On February 26, 2007 EPCOR and TransAlta Corporation announced their decision to build Keephills 3, a coal fired generation plant. The construction is expected to be completed in 2011, with EPCOR's estimated 50 per cent committed share of the total capital cost to be $820,000.

Principal payments on long-term debt for the next five years are as follows:

2008	$ 388,127
2009	26,745
2010	220,922
2011	214,709
2012	51,835

EPCOR has issued letters of credit for $357,049 (2006 – $247,800) to meet the credit requirements of energy market participants, to meet conditions of certain agreements and to satisfy legislated reclamation requirements.

The following summarizes the City's related party transactions with EPCOR for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

	2007	2006
Dividend paid to the City	**$ 127,600**	$ 125,100
Power and water purchased by the City	**24,924**	18,700
Other services purchased by the City	**52,658**	50,300
Franchise fees and revenue tax to the City	**39,119**	36,700
Property taxes and other taxes to the City	**9,750**	9,200
Sales of administrative and construction services from the City	**7,101**	7,600
Financing expenses paid or payable to the City	**54,400**	58,100
Costs of capital construction paid or payable to the City	**14,219**	4,232
Excess earnings in Sinking Fund available to EPCOR as at December 31	**28,013**	29,052

Within current assets and other assets is $31,688 (2006 – $36,400) due from the City, including excess earnings available in the Sinking Fund.

Long-term debt reported by EPCOR includes amounts of $242,407 (2006 – $309,038) issued in the name of the City. Offsetting short and long-term receivables from EPCOR have been applied to reduce the consolidated long-term debt (Note 9).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007 (in thousands of dollars)

b) The City of Edmonton Non-Profit Housing Corporation (Non-Profit Housing Corporation)

The City is the sole shareholder of Non-Profit Housing Corporation, established in 1977 for the purpose of providing non-profit housing for the citizens of Edmonton. Pursuant to operating agreements, Non-Profit Housing Corporation receives subsidies from Canada Mortgage and Housing Corporation and Alberta Municipal Affairs and Housing.

The financial statements of Non-Profit Housing Corporation are prepared in accordance with a disclosed basis of accounting. The effect, had the financial statements been prepared in accordance with generally accepted accounting principles, would not be material to the amounts disclosed by the City. The following table provides condensed supplementary financial information for Non-Profit Housing Corporation.

		2007		2006
Financial position:				
Current assets	$	**4,145**	$	3,864
Housing projects		**18,564**		19,793
Total assets		**22,709**		23,657
Current liabilities (includes current portion of mortgages payable of $1,650 (2006 – $1,559))		**2,238**		2,163
Mortgages payable		**17,901**		19,575
Total liabilities		**20,139**		21,738
Replacement reserves		**1,794**		1,176
Net assets – internally restricted less amounts invested in property		**776**		743
Results of operations:				
Revenues		**5,391**		5,187
Expenses		**4,582**		4,589
Excess of revenue over expenses		**809**		598
Interest earned		**33**		29
Replacement reserve allocation		**(809)**		(598)
Change in net assets	$	**33**	$	29

Included in current assets is a cash balance of $4,048 (2006 – $3,769) which is managed by the City on behalf of Non-Profit Housing Corporation.

Principal payments on long-term debt for the next five years, assuming renewals of mortgages on similar terms and conditions, are as follows:

2008	$ 1,650
2009	1,727
2010	1,808
2011	1,893
2012	1,981

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007 (in thousands of dollars)

18. Pension and Long-Term Disability Plans

a) Local Authorities Pension Plan

All employees of the City, with the exception of police officers, are members of the Local Authorities Pension Plan (LAPP), which is one of the multiemployer plans covered by the Public Sector Pension Plans Act.

The City is required to make current service contributions to the Plan of 7.75 per cent of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 10.64 per cent thereafter. Employees of the City are required to make current service contributions of 6.75 per cent of pensionable salary up to YMPE and 9.64 per cent thereafter. Contributions for current service are recorded as expenditures in the year in which they become due.

Total current service contributions by the City to the LAPP in 2007 were $39,188 (2006 – $35,775). Total current service contributions by the employees of the City to the LAPP in 2007 were $34,593 (2006 – $31,735).

b) Special Forces Pension Plan

Police officers employed by the City are participants in the multiemployer Special Forces Pension Plan (SFPP). The City is required to make current service contributions to the Plan of 10.36 per cent of pensionable payroll. In addition, past service contributions to the Plan of 0.75 per cent of pensionable payroll are required to eliminate an unfunded liability related to service prior to 1992, on or before December 31, 2036. Participants of the SFPP are required to make current service contributions of 9.26 per cent of pensionable salary and past service contributions of 0.75 per cent of pensionable salary to the Plan. Contributions for current and past service are recorded as expenditures in the year in which they become due.

Total current and past service contributions by the City to the SFPP in 2007 were $11,633 (2006 – $11,089). Total current and past service contributions by the participants to the SFPP in 2007 were $10,481 (2006 – $9,991).

c) City-Sponsored Pension and Long-Term Disability Plans

The following summarizes plans sponsored by the City. Assets related to the plans are held in trust as disclosed in Note 21.

i) Annuity Plan

The City provides pension benefits to members who were retired at the time the City's Pension Plan was transferred to the Province of Alberta. There are no active members enrolled in the Plan and no further contributions are expected to be made to the Fund.

Total benefits paid during the year were $35 (2006 – $45).

ii) Police Supplementary Pension Plan

The Police Supplementary Pension Plan (PSPP) provides benefits supplementary to the LAPP for 28 beneficiaries (2006 – 32). There are no active police officers enrolled in the PSPP and no further contributions are expected to be made to the Fund.

Total benefits paid during the year were $114 (2006 – $113).

iii) Fire Fighters' Supplementary Pension Plan

The Fire Fighters' Supplementary Pension Plan (FFSPP) is a defined benefit pension plan covering members of the City Fire Fighters' Union. Pensions are payable to retired fire fighters and surviving spouses of deceased fire fighters. This pension is reduced by the pension payable to the member under the LAPP.

Total benefits paid during the year were $4,945 (2006 – $4,438). Employee contributions for the year were $1,574 (2006 – $1,507). Due to the funded surplus position, the City has taken a contribution holiday beginning January 2001.

iv) Fire Chief and Deputy Fire Chiefs' Supplementary Pension Plan

The City of Edmonton Fire Chief and Deputy Fire Chiefs' Supplementary Pension Plan (Fire Chief) is a defined benefit pension plan covering employees in the positions of fire chief and deputy fire chiefs. Contributions are made by plan members and the City. The pension is reduced by the pension payable to the member under the LAPP.

Total benefits paid during the year were $203 (2006 – $196). Employee contributions for the year were $9 (2006 – $8), and employer contributions were $179 (2006 – $179).

An actuarial valuation for each pension plan was completed by Aon Consulting Inc. as at December 31, 2007. Each 2007 actuarial valuation was based upon a number of assumptions about future events, which reflect management's best estimates. The expected inflation rate is 2.75 per cent (2006 – 2.75 per cent). The discount rate used to determine the accrued benefit obligation is 6.25 per cent (2006 – 6.25 per cent). Each pension fund's assets are valued at market value. The expected rate of return on plan assets is 6.25 per cent (2006 – 6.25 per cent).

The following table sets out the results for each of the pension plans:

	Annuity	PSPP	FFSPP	Fire Chief	**2007**	2006
Fair value of assets	$ 8,720	$ 7,308	$ 131,415	$ 2,380	**$ 149,823**	$ 150,967
Accrued benefit obligation	72	911	117,162	2,283	**120,428**	111,107
Funded status – surplus	8,648	6,397	14,253	97	**29,395**	39,860
Unamortized net actuarial loss			17,127	302	**17,429**	7,557
Accrued benefit asset	8,648	6,397	31,380	399	**46,824**	47,417
Valuation allowance	8,648	6,397			**15,045**	14,994
Net fund asset	$	$	$ 31,380	$ 399	**$ 31,779**	$ 32,423

The net fund asset balance is included in other assets (Note 4). The net actuarial loss is amortized on a straight line basis over the expected average remaining service life (EARSL) of the Fire Fighters' plan of 15.1 years (2006 – 14.1 years) and of the Fire Chief plan of 4.7 years (2006 – 4.3 years).

The following table sets out the benefit plan related expense for each of the pension plans:

	Annuity	PSPP	FFSPP	Fire Chief	**2007**	2006
Current service cost	$	$	$ 3,351	$ 8	**$ 3,359**	$ 3,152
Amortization of actuarial (gain) loss	435	437	529	38	**1,439**	(88)
Increase (decrease) in valuation allowance	100	(35)		(14)	**51**	1,770
Less: employee contributions			(1,574)	(9)	**(1,583)**	(1,515)
Benefit plan expense for the year	535	402	2,306	23	**3,266**	3,319
Interest cost on accrued benefit obligation	3	52	6,696	132	**6,883**	6,499
Expected return on plan assets	(538)	(454)	(8,190)	(144)	**(9,326)**	(8,494)
Benefit plan interest income	(535)	(402)	(1,494)	(12)	**(2,443)**	(1,995)
Total benefit plan related expense	$	$	$ 812	$ 11	**$ 823**	$ 1,324

v) Long-Term Disability Plan

The Long-Term Disability Plan is available to permanent employees to provide protection against loss of income. The employee pays 100 per cent of the premium for the Plan.

An actuarial valuation of the Plan was completed by Aon Consulting Inc. as at December 31, 2007. The Plan's assets are valued using a moving average market value.

	2007	2006
Fair value of assets	**$ 64,898**	$ 59,904
Less:		
Accrued benefit obligation	**49,804**	45,046
Other obligations and deferred gains	**6,300**	6,461
Net fund asset	**$ 8,794**	$ 8,397

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007 (in thousands of dollars)

19. Commitments

a) Capital Commitments

City Council has approved a 2008 – 2012 Capital Priorities Plan of $2,070,868. The 2008 requirement of $1,206,434 is to be funded as follows:

Reserves, grants, and developer contributions	$	692,789
Pay-as-you-go financing		123,627
Tax-supported debentures		244,254
Self-liquidating debentures		145,764
	$	1,206,434

Capital requirements related to EPCOR are not included in the Capital Priorities Plan. Certain capital commitments for EPCOR have been disclosed in Note 17.

b) Lease Commitments

The City has entered into a number of lease agreements, mainly for facilities and equipment. Lease commitments over the next five years are as follows:

2008	$	15,851
2009		13,427
2010		11,265
2011		8,457
2012		7,363

c) Contractual Obligation

The City entered into ten forward foreign exchange contracts to purchase a total of $24,800 USD at dates ranging from January 29, 2008 through October 3, 2008 at an effective forward rate of 1.0054, or $24,934. The City also has an option to purchase an additional $8,100 USD at an effective forward rate of 1.0054, or $8,144. The forward contracts are used to partially offset foreign exchange risk on the purchase of light rail transit vehicles.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007 (in thousands of dollars)

20. Contingent Liabilities

a) The City is defendant in various lawsuits as at December 31, 2007. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of loss can be reasonably estimated, amounts have been included within accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded, and the City's Administration believes there will be no material adverse effect on the financial position of the City.

b) The City is reviewing environmental objectives and liabilities for its activities and properties and potential site reclamation obligations. The amount of any such obligations has not been determined.

21. Trust Assets Under Administration

The City administers Pension Fund, Long-Term Disability Plan and other assets in trust on behalf of third parties. As related trust assets are not owned by the City, the trusts have been excluded from the reporting entity.

	2006	Deposits (Withdrawals)	Earnings	**2007**
Pension Funds Net Assets:				
Annuity Fund	$ 8,620	$ (25)	$ 125	**$ 8,720**
Police Supplementary Pension Fund	7,314	(106)	100	**7,308**
Fire Fighters' Supplementary Pension Fund	132,803	(3,381)	1,993	**131,415**
Fire Chief and Deputy Fire Chiefs' Supplementary Pension Fund	2,230	138	12	**2,380**
	150,967	(3,374)	2,230	**149,823**
Long-Term Disability Plan	57,404	762	4,649	**62,815**
Other	589	(2)	63	**650**
	$ 208,960	$ (2,614)	$ 6,942	**$ 213,288**

Pension Fund assets include fixed income investments in government and government guaranteed bonds, corporate bonds, short-term notes and deposits, valued at market quotations from Canadian investment dealers, and Canadian and international common and preferred shares valued at the closing price on the stock exchange where listed. Assets of the pension funds are administered by the Investment Committee of the City.

Long-Term Disability Plan assets are investments held in trust, comprised of short-term notes and deposits, government and government guaranteed bonds, corporate bonds, debentures, and Canadian and international common and preferred shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007 (in thousands of dollars)

22. Tangible Capital Assets

Reporting requirements for municipal tangible capital assets are changing with the implementation of Section 3150 of the Public Sector Accounting Handbook (PS 3150) of the CICA, effective by January 1, 2009. In the meantime, Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook provides transitional guidance. The City of Edmonton is preparing and will fully implement the change with 2009 reporting. In preparation, revised internal capitalization policies were approved in 2007, consistent with the future requirement for 2009 implementation. Work is underway to revise the related budgeting process, value all tangible capital assets along with the associated accumulated amortization and asset useful lives, and implement a new asset system module to support the future information requirements. Where actual historical costs are unavailable, estimates will be consistently applied.

The 2007 consolidated financial statements continue to follow the accounting principles as outlined for Physical Assets in Note 1h, consistent with the prior year. Costs and accumulated depreciation, based upon the existing accounting policy, have been provided in Note 5.

23. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

SCHEDULES AND STATISTICS

2007 Annual Report City of Edmonton, Alberta, Canada

STATISTICAL REVIEW FOR THE YEARS 2003 TO 2007

GENERAL MUNICIPAL DATA

Unaudited

	2007	2006	2005	2004	2003
Population (Note 1)	**730,372**	730,372	712,391	666,104	666,104
Population age distribution (%)					
0-4	**5.58**	5.58	4.20	5.80	5.80
5-19	**18.10**	18.10	18.09	19.64	19.64
20-29	**17.52**	17.52	18.18	16.54	16.54
30-39	**14.31**	14.31	14.78	15.87	15.87
40-49	**15.92**	15.92	15.89	16.20	16.20
50-59	**12.77**	12.77	12.65	10.58	10.58
60-64	**3.93**	3.93	3.94	3.69	3.69
65+	**11.87**	11.87	12.27	11.68	11.68
Area – in hectares	**69,980**	69,980	69,980	69,980	69,980
– in square kilometers (rounded)	**700**	700	700	700	700
Value of building permits ($000)	**$ 2,461,527**	$ 2,305,717	$ 2,110,749	$ 1,380,933	$ 1,075,125
Number of housing starts (per Canada Mortgage and Housing Corporation)	**8,894**	9,816	9,434	8,159	8,956
Consumer price index – 2002 base year (per Statistics Canada)					
Edmonton	**117.4**	112.0	108.6	106.4	105.3
Alberta	**117.9**	112.3	108.1	105.9	104.4
Canada	**111.5**	109.1	107.0	104.7	102.8
Unemployment rate (%) – annual average (per Statistics Canada)					
Edmonton	**3.8**	3.9	4.5	4.8	5.1
Alberta	**3.5**	3.4	3.9	4.6	5.7
Canada	**6.0**	6.3	6.8	7.2	7.6
City of Edmonton employees (Note 2)	**11,077**	10,611	10,137	9,727	9,517

Source: The City of Edmonton Planning and Development Department.

Notes:

1. The population figures are as per the 2001 Canada, 2005 City and 2006 Canada Census.
2. Positions are stated in full time equivalents.

STATISTICAL REVIEW FOR THE YEARS 2003 TO 2007

ASSESSMENT AND TAX LEVY

Unaudited (in thousands of dollars, except per capita)

	2007	2006	2005	2004	2003
Assessment:					
Total taxable assessment (market value)	**$ 79,636,231**	$ 64,209,785	$ 57,758,248	$ 52,239,492	$ 45,098,041
Percentage of total assessment represented by:					
Residential properties	**77.8**	77.3	78.1	78.4	77.1
Commercial properties	**22.2**	22.7	21.9	21.6	22.9
Taxable assessment per capita	**$ 109,035**	$ 87,914	$ 81,077	$ 78,425	$ 67,704
Assessment for principal taxpayers (%) (Note 1)	**4.1**	4.1	4.4	4.7	5.2
Rates of taxation (mills):					
Single family residential	**8.33**	9.44	9.68	9.85	10.65
Other residential property	**9.11**	10.30	10.84	11.02	11.91
Commercial and industrial	**17.25**	19.17	21.17	22.47	22.95
Tax levy, collections, and arrears:					
Current year's levy:					
Property	**$ 837,189**	$ 765,755	$ 721,523	$ 672,932	$ 622,400
Business	**107,489**	99,594	95,113	86,880	81,579
Collections:					
Property	**$ 835,374**	$ 769,804	$ 720,313	$ 669,616	$ 621,876
Business	**107,878**	98,835	94,551	85,894	81,409
Arrears at December 31 (net):					
Property	**$ 26,714**	$ 23,622	$ 24,473	$ 22,560	$ 22,549
Business	**1,200**	1,646	2,318	1,251	763
Percentage of current property taxes collected	**97.5**	98.4	97.7	97.5	98.1
Percentage of net property tax arrears collected	**79.6**	66.2	69.7	59.2	51.7
Property tax arrears per capita (gross)	**$ 42.20**	$ 40.14	$ 43.51	$ 43.01	$ 41.29
Property tax arrears per capita (net)	**36.58**	32.34	34.35	33.87	33.85
Property tax levy per capita	**1,146.25**	1,048.45	1,012.82	1,010.25	934.39
Education taxes	**282,802**	267,885	259,634	246,003	230,927

Source: The City of Edmonton Planning and Development Department.

Notes:
1. Includes the ten highest taxpayers by assessment value.

STATISTICAL REVIEW FOR THE YEARS 2003 TO 2007

INVESTMENT FUNDS

Unaudited (in thousands of dollars)

	2007	2006	2005	2004	2003
Investment funds (Note 1)					
The Balanced Fund (Note 2)					
Net assets-market value	**$ 499,751**	$ 487,445	$ 449,389	$ 385,601	$ 375,310
Net assets-cost	**503,056**	469,069	439,078	365,504	363,182
Net earnings	**33,828**	29,833	45,064	18,834	16,416
Fund rate (%)	**7.2**	6.8	12.3	8.3	9.6
Market (%)	**2.7**	8.6	9.5	8.3	9.6
Ed Tel Endowment Fund					
Net assets-market value	**$ 698,820**	$ 726,830	$ 677,704	$ 631,290	$ 602,997
Net assets-cost	**689,927**	662,901	640,874	589,064	585,270
Net earnings	**66,981**	59,850	80,598	31,536	19,740
Fund rate (%)	**9.7**	9.0	12.6	5.4	3.4
Market (%)	**2.0**	13.1	12.3	9.5	12.6
Sanitary Servicing Strategy Fund (Note 3)					
Net assets-market value	**$ 10,618**	$ 20,564	$ 29,900		
Net assets-cost	**10,618**	20,827	30,311		
Net earnings	**491**	831	389		
Fund rate (%)	**4.6**	4.0	1.3		
Market (%)	**3.0**	3.0	3.0		
The Sinking Fund					
Net assets-market value	**$ 611,656**	$ 616,739	$ 570,641	$ 563,501	$ 556,368
Net assets-cost	**605,470**	606,933	554,114	543,047	538,856
Net earnings:					
Required	**25,933**	25,569	25,847	26,465	25,185
Unappropriated	**(226)**	4,418	11,030	7,300	16,683
Total	**25,707**	29,987	36,877	33,765	41,868
Fund rate (%)	**4.2**	4.9	6.7	6.2	7.7
Market (%)	**3.9**	4.1	5.9	6.6	6.4

Source: The City of Edmonton Corporate Services Department.

Notes:

1. This schedule summarizes significant investment funds maintained by the City of Edmonton.
   a) Net earnings are realized earnings of the fund in accordance with generally accepted accounting principles.
   b) Fund rate is the rate expressed as the earnings for the year over the weighted average of total assets employed.
   c) Market return is based on the time-weighted method, in accordance with industry standards.
2. Effective April 1, 2004, funds held for the Long-Term Disability Fund were removed from the Balanced Fund. Prior period figures have not been restated.
3. The Sanitary Servicing Strategy Fund was established on July 29, 2005.

STATISTICAL REVIEW FOR THE YEARS 2003 TO 2007

LONG-TERM DEBT

Unaudited (in thousands of dollars, except per capita)

	2007	2006	2005	2004	2003
Debt limit	**$ 3,157,284**	$ 2,842,856	$ 2,721,190	$ 2,362,738	$ 2,125,774
Total debt per regulation	**761,402**	546,877	473,435	420,914	370,914
Percentage used (%)	**24.12**	19.24	17.40	17.81	17.45
Debt service limit	**552,525**	497,500	476,208	413,481	372,010
Total debt service per regulation	**77,595**	60,280	55,785	55,036	63,961
Percentage used (%)	**14.04**	12.12	11.71	13.31	17.19
General government debt service	**38,278**	29,497	26,729	33,936	41,996
General government debt service of general government operating fund expenditures (%)	**3.2**	2.7	2.6	3.6	4.8
Long-term debt (gross)					
Self-liquidating	**$ 1,221,789**	$ 1,255,760	$ 1,249,185	$ 1,317,281	$ 1,379,409
Tax-supported	**329,543**	147,501	103,784	59,217	24,058
Long-term debt (net of Sinking Fund)					
Self-liquidating	**$ 674,249**	$ 708,198	$ 751,216	$ 820,544	$ 886,511
Tax-supported	**329,543**	147,501	103,784	59,217	24,058
Net debt per capita					
Self-liquidating	**$ 923**	$ 982	$ 1,054	$ 1,232	$ 1,331
Tax-supported	**451**	205	146	89	36
	$ 1,374	$ 1,187	$ 1,200	$ 1,321	$ 1,367
Percentage of total debt to be retired					
Within 5 years	**36.4**	42.5	46.3	48.8	51.6
Within 10 years	**60.8**	64.9	67.2	69.9	73.6

Source: The City of Edmonton Corporate Services Department.

STATISTICAL REVIEW FOR THE YEARS 2003 TO 2007

CONSOLIDATED EXPENDITURES

Unaudited (in thousands of dollars)

Consolidated Expenditures by Function

	2007	2006	2005	2004	2003
Transportation services	$ **795,241**	$ 490,965	$ 438,740	$ 392,158	$ 358,481
Protective services	**386,361**	352,359	331,819	310,548	290,060
Community services	**320,043**	261,517	222,979	193,409	185,469
Corporate administration and general municipal	**224,282**	210,450	216,226	191,104	173,425
Utility and enterprise services	**361,019**	309,006	253,871	226,525	201,716
Waste management	**76,336**	69,740	61,317	58,432	57,987
	$ **2,163,282**	$ 1,694,037	$ 1,524,952	$ 1,372,176	$ 1,267,138

Consolidated Expenditures by Object

	2007	2006	2005	2004	2003
Operating:					
Salaries, wages and employee benefits	$ **836,612**	$ 755,325	$ 703,729	$ 652,738	$ 613,109
Contracted and general services	**204,761**	205,890	188,237	143,530	136,753
Materials, goods, supplies and utilities	**175,893**	140,605	138,954	152,146	150,476
Interest and bank charges	**37,694**	34,356	40,808	33,021	33,190
Other charges	**37,552**	42,028	24,650	5,290	8,503
	1,292,512	1,178,209	1,096,378	986,725	942,031
Capital	**870,770**	515,828	428,574	385,451	325,107
	$ **2,163,282**	$ 1,694,037	$ 1,524,952	$ 1,372,176	$ 1,267,138

Capital Expenditures by Financing Source

	2007	2006	2005	2004	2003
Capital Expenditures	$ **870,770**	$ 515,828	$ 428,574	$ 385,451	$ 325,107
Financing Sources Applied:					
General financing (Pay-As-You-Go)	**99,558**	89,330	81,220	69,525	102,868
Debenture borrowing	**211,122**	98,207	83,977	78,935	32,039
Government transfers – Federal	**35,245**	12,826	26,279	10,633	11,559
Government transfers – Provincial	**310,664**	125,795	98,411	99,193	88,944
Developer/partnership	**110,598**	123,133	68,726	83,181	52,550
Reserves/user fees/other	**103,583**	66,537	69,961	43,984	37,147
	$ **870,770**	$ 515,828	$ 428,574	$ 385,451	$ 325,107

Source: The City of Edmonton Corporate Services Department.

STATISTICAL REVIEW FOR THE YEARS 2003 TO 2007

REVENUES AND RESERVES

Unaudited (in thousands of dollars)

Revenues

	2007	2006	2005	2004	2003
Revenues – operating fund:					
General government	**$ 1,216,415**	$ 1,092,147	$ 1,046,198	$ 935,003	$ 847,342
Utility	**135,187**	121,194	109,463	105,863	100,584
Subsidiary operations	**313,110**	612,651	187,152	205,991	416,077
Other	**128,006**	92,323	121,192	49,163	50,910
	$ 1,792,718	$ 1,918,315	$ 1,464,005	$ 1,296,020	$ 1,414,913
General government operating fund revenues (%):					
Taxation	**56.1**	56.6	55.3	57.1	58.2
Sale of goods and services	**20.1**	19.7	19.0	20.0	20.3
Franchise fees	**6.3**	6.6	6.6	6.9	6.4
Investment earnings (Note 1)	**6.2**	5.8	8.0	5.8	5.5
Government transfers	**4.5**	4.7	4.9	3.6	3.1
Other	**6.8**	6.6	6.2	6.6	6.5

Reserves

	2007	2006	2005	2004	2003
General Government					
Financial Stabilization	**$ 83,953**	$ 79,368	$ 75,057	$ 53,044	$ 37,026
Financial Stabilization – appropriated	**27,469**	32,908	6,984	4,950	4,950
Funds in Lieu – residential	**18,248**	22,509	20,468	17,470	16,574
Affordable Housing	**15,825**	6,500			
Other	**15,306**	13,865	12,715	13,052	14,332
Waste Management Rate Stabilization	**14,670**	7,879	7,136	4,259	1,120
Enterprise Portfolio/ Commonwealth Stadium	**7,408**	6,151	7,079	6,816	6,571
Parkland Reserve	**6,590**	11,022	9,279	5,801	5,996
Benefit Plan	**5,661**	4,770	4,467	4,413	4,069
Tax-Supported Debt	**5,283**	4,165	3,169	6,566	1,393
SLRT Risk Mitigation	**4,870**	1,512			
Natural Areas	**4,290**	3,122	2,122	873	704
	209,573	193,771	148,476	117,244	92,735
The Edmonton Public Library	**5,154**	3,220	2,965	2,602	2,710
Reserve Fund Balance	**$ 214,727**	$ 196,991	$ 151,441	$ 119,846	$ 95,445

Source: The City of Edmonton Corporate Services Department.

Note:
1. Investment earnings include the annual appropriation of earnings from the Ed Tel Endowment Fund.

RELATED BOARDS AND AUTHORITIES

Further information regarding the related boards and authorities can be obtained from the following sources:

EDMONTON ECONOMIC DEVELOPMENT CORPORATION

3rd Floor, World Trade Centre Edmonton
9990 Jasper Avenue
Edmonton, Alberta T5J 1P7

Phone: 780-424-9191
Fax: 780-917-7668

E-mail: info@edmonton.com
Web: www.edmonton.com/eedc

Chair: Robert Carwell
President and CEO: Ron Gilbertson

EDMONTON TAXI CAB COMMISSION

3rd Floor, Allstream Tower
10250 – 101 Street
Edmonton, Alberta T5J 3P4

Phone: 780-496-5244
Fax: 780-496-6054

E-mail: taxicommissionadministration@edmonton.ca
Web: www.edmonton.ca

Chair: Hatem Naboulsi
Administrator: Phil Fearon

EDMONTON POLICE COMMISSION

Suite 171, 10235 – 101 Street
Edmonton, Alberta T5J 3E9

Phone: 780-414-7510
Fax: 780-414-7511

E-mail: info@edmontonpolicecommission.com
Web: www.edmontonpolicecommission.com

Chair: Brian Gibson
Chief of Police: Michael J. Boyd C.O.M.

THE CITY OF EDMONTON NON-PROFIT HOUSING CORPORATION

20th Floor, Century Place
9803 – 102A Avenue
Edmonton, Alberta T5J 3A3

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